

# Section III

## Financial Section

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### Overview

While Section II of this Report provided performance data (required by GPRA), Section III provides financial information required by the Chief Financial Officers Act. This data outlines not only the costs of programs, but also the costs of achieving individual results by strategic goal. As required by the Office of Management and Budget (OMB), Circular A-136, *Financial Reporting Requirements*, the following section provides the Statements of Net Cost by major program for the Department of Justice, and it is aligned directly with the goals and objectives in the Department's Strategic Plan and Annual Performance Plan.

Following the Chief Financial Officer's message, the Office of the Inspector General's Commentary and Summary, and the Reports of Independent Auditors, are the following statements:

**Consolidated Balance Sheets** – Presents resources owned or managed by the Department that are available to provide future economic benefits (assets); amounts owed by the Department that will require payments from those resources or future resources (liabilities) and residual amounts retained by the Department, comprising the difference (net position) as of September 30, 2012 and 2011.

**Consolidated Statements of Net Cost** – Presents the net cost of Department operations for the fiscal years ended September 30, 2012 and 2011. The Department's net cost of operations includes the gross costs incurred by DOJ less any exchange revenue earned from Department activities.

**Consolidated Statements of Changes in Net Position** – Presents the change in the Department's net position resulting from the net cost of operations, budgetary financing sources other than exchange revenues and other financing sources for the fiscal years ended September 30, 2012 and 2011.

**Combined Statements of Budgetary Resources** – Presents the budgetary resources available to the Department, the status of those resources, and the outlay of budgetary resources for the fiscal years ended September 30, 2012 and 2011.

**Combined Statements of Custodial Activity** – Presents the sources and disposition of non-exchange revenues collected or accrued by the Department on behalf of other recipient entities for the fiscal years ended September 30, 2012 and 2011.

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## A Message From The Chief Financial Officer

November 9, 2012

I am very pleased to report that the Department has earned an unqualified audit opinion on its fiscal year 2012 consolidated financial statements. I am also pleased that for the sixth straight year the auditor's report on internal controls over financial reporting did not identify any material weaknesses at the consolidated Department level. Moreover, for the first time, no material weaknesses were reported in any of the individual component level audits. The continued progress made by our financial management offices is demonstrable evidence of the Department's commitment to pursuing continual improvement in sound financial management practices.

The Department is fully cognizant of the economic difficulties faced by our country. We have been devoted to looking for ways to operate more efficiently in order to ensure taxpayer funds are spent wisely on the critical national security and law enforcement activities the Department performs for the nation. The Department's leadership has challenged our components to find savings across our operations, and components have responded with savings in many areas, including travel management and the consolidation of large information technology contracts. The Department's SAVE Council will continue during fiscal year 2013 to look for additional areas we can reduce spending in order to operate as efficiently as possible. When we find areas where we can improve our practices and save money, we will act on those opportunities.

Also on the horizon is the continued successful implementation of the Department's Unified Financial Management System (UFMS). As fiscal year 2013 started, implementations of UFMS began at the United States Marshals Service and four program offices in the Federal Bureau of Investigation. The use of UFMS was also expanded at the Department's Assets Forfeiture Management program. Building upon successful implementations at DEA and ATF, these new implementations, while broad in scope and complexity, bring great potential for improving our financial management capabilities for the future.

We take our financial accountability seriously, and we take our commitment to sound agency performance and providing taxpayer value seriously. We look forward in 2013 to furthering our fiscal achievements as the Department continues to serve the nation and its citizens.



Lee Lofthus  
Chief Financial Officer

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# **U.S. DEPARTMENT OF JUSTICE ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2012**

## **OFFICE OF THE INSPECTOR GENERAL COMMENTARY AND SUMMARY**

This audit report contains the Annual Financial Statements of the U.S. Department of Justice (Department) for the fiscal years (FY) ended September 30, 2012, and September 30, 2011. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the Department's audit in accordance with auditing standards generally accepted in the United States of America. The audit resulted in an unqualified opinion on the FY 2012 financial statements. An unqualified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in conformity with U.S. generally accepted accounting principles. For FY 2011, the Department also received an unqualified opinion on its financial statements (OIG Report No. 12-03).

KPMG LLP also issued Reports on Internal Control over Financial Reporting and on Compliance and Other Matters. For FY 2012, the auditors did not identify any significant deficiencies in the Independent Auditors' Report on Internal Control over Financial Reporting. Although progress continues to be made, it is important to note that the Department still does not have a unified financial management system to readily support ongoing accounting operation and preparation of financial statements. As discussed in past years, we believe the most important challenge facing the Department in its financial management is to successfully implement an integrated financial management system to replace the disparate and, in some cases, antiquated financial systems used by Department components.

No instances of non-compliance or other matters that are required to be reported under Government Auditing Standards were identified during the audit in the FY 2012 Independent Auditors' Report on Compliance and Other Matters. Additionally, KPMG LLP's tests disclosed no instances in which the Department's financial management systems did not substantially comply with the Federal Financial Management Improvement Act of 1996.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with Government Auditing Standards, was not intended to enable us to express, and we do not express, an opinion on the Department's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the Department's financial management systems substantially complied with the Federal Financial Management Improvement Act of 1996, or conclusions on compliance with laws and regulations and other matters. KPMG LLP is responsible for the attached auditors' reports dated November 9, 2012, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with auditing standards generally accepted in the United States of America.

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## Independent Auditors' Report on Financial Statements

Inspector General  
U.S. Department of Justice

United States Attorney General  
U.S. Department of Justice

We have audited the accompanying consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2012 and 2011, and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources, and custodial activity (hereinafter referred to as "consolidated financial statements" or "basic financial statements") for the years then ended. These consolidated financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), which statements reflect total assets of \$2.0 billion and \$2.1 billion, and total net costs of \$2.9 billion and \$2.8 billion, as of and for the years ended September 30, 2012 and 2011, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Justice as of September 30, 2012 and 2011, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in conformity with U.S. generally accepted accounting principles.



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As discussed in Note 1.Z to the consolidated financial statements, the Department changed its presentation for reporting the combined statement of budgetary resources in fiscal year 2012, based on new reporting requirements under OMB Circular No. A-136, *Financial Reporting Requirements*. As a result, the U.S. Department of Justice's combined statement of budgetary resources for fiscal year 2011 has been adjusted to conform to the current year presentation.

U.S. generally accepted accounting principles require that the information in *Required Supplementary Information*, including *Management's Discussion and Analysis*, and *Required Supplementary Stewardship Information* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The September 30, 2012 and 2011 consolidating and combining information in the *Consolidating and Combining Financial Statements* section is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, net costs, changes in net position, budgetary resources, and custodial activity of the Department's components individually, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The September 30, 2012 and 2011 consolidating and combining information in the *Consolidating and Combining Financial Statements* has been subjected to the auditing procedures applied by us and the other auditors, in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the reports of the other auditors, the September 30, 2012 and 2011 consolidating and combining information in the *Consolidating and Combining Financial Statements* section is fairly stated in all material respects in relation to the basic financial statements as a whole. The information in the *Introduction, FY 2012 Performance Report, Other Accompanying Information, Management Section, and Appendices* is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 9, 2012, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.



Independent Auditors' Report on Financial Statements  
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The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 9, 2012

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## Independent Auditors' Report on Internal Control over Financial Reporting

Inspector General  
U.S. Department of Justice

United States Attorney General  
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2012 and 2011 and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 9, 2012. We did not audit the financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) as of and for the years ended September 30, 2012 and 2011. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors. Also, as discussed in Note 1.Z to the consolidated financial statements, the Department changed its presentation for reporting the combined statement of budgetary resources in fiscal year 2012, based on new reporting requirements under OMB Circular No. A-136, *Financial Reporting Requirements*.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As stated above, we did not audit the fiscal year 2012 financial statements of the USMS, FPI, and ATF. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' Independent Auditors' Reports on Internal Control over Financial Reporting, have been furnished to us. Accordingly, our report on the Department's internal control over financial reporting, insofar as it relates to those components, is based solely on the reports and findings of the other auditors.

The management of the Department is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our fiscal year 2012 audit, we considered the Department's internal control over financial reporting by obtaining an understanding of the Department's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an



Independent Auditors' Report on Internal Control over Financial Reporting  
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opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting. We and the other auditors did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the fourth paragraph of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2012 audit, we and the other auditors did not identify any deficiencies in internal control over financial reporting that we and the other auditors consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Department's management, the U.S. Department of Justice Office of the Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 9, 2012



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## Independent Auditors' Report on Compliance and Other Matters

Inspector General  
U.S. Department of Justice

United States Attorney General  
U.S. Department of Justice

We have audited the consolidated balance sheets of the U.S. Department of Justice (Department) as of September 30, 2012 and 2011, and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources, and custodial activity (hereinafter referred to as "consolidated financial statements") for the years then ended, and have issued our report thereon dated November 9, 2012. We did not audit the financial statements of the following components of the Department: the U.S. Marshals Service (USMS); the Federal Prison Industries, Inc. (FPI); and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) as of and for the years ended September 30, 2012 and 2011. Those financial statements were audited by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors. Also, as discussed in Note 1.Z to the consolidated financial statements, the Department changed its presentation for reporting the combined statement of budgetary resources in fiscal year 2012, based on new reporting requirements under OMB Circular No. A-136, *Financial Reporting Requirements*.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

As stated above, we did not audit the fiscal year 2012 financial statements of the USMS, FPI, and ATF. Those financial statements were audited by other auditors whose reports thereon, including the other auditors' Independent Auditors' Reports on Compliance and Other Matters, have been furnished to us. Accordingly, our report on the Department's compliance and other matters, insofar as it relates to those components, is based solely on the reports and findings of the other auditors.

The management of the Department is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Department. As part of obtaining reasonable assurance about whether the Department's consolidated financial statements are free of material misstatement, we and the other auditors performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of



Independent Auditors' Report on Compliance and Other Matters  
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the *Federal Financial Management Improvement Act of 1996* (FFMIA). We and the other auditors limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Department. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our and the other auditors' tests of compliance described in the preceding paragraph of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our and the other auditors' tests of FFMIA disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) federal financial management system requirements, (2) applicable federal accounting standards, and (3) application of the United States Government Standard General Ledger at the transaction level.

This report is intended solely for the information and use of the Department's management, the U.S. Department of Justice Office of the Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 9, 2012

## **Principal Financial Statements and Related Notes**

See Independent Auditors' Report on Financial Statements

**U. S. Department of Justice**  
**Consolidated Balance Sheets**  
**As of September 30, 2012 and 2011**

Dollars in Thousands	2012	2011
<b>ASSETS (Note 2)</b>		
Intragovernmental		
Fund Balance with U.S. Treasury (Note 3)	\$ 24,745,298	\$ 23,354,452
Investments, Net (Note 5)	6,213,903	6,919,799
Accounts Receivable, Net (Note 6)	324,327	380,431
Other Assets (Note 10)	266,573	115,103
Total Intragovernmental	<u>31,550,101</u>	<u>30,769,785</u>
Cash and Monetary Assets (Note 4)	260,682	250,253
Accounts Receivable, Net (Note 6)	115,612	125,898
Inventory and Related Property, Net (Note 7)	166,609	170,889
Forfeited Property, Net (Note 8)	145,111	172,746
General Property, Plant and Equipment, Net (Note 9)	10,186,144	10,217,770
Advances and Prepayments	760,870	1,079,767
Other Assets (Note 10)	5,585	5,982
<b>Total Assets</b>	<b><u>\$ 43,190,714</u></b>	<b><u>\$ 42,793,090</u></b>
<b>LIABILITIES (Note 11)</b>		
Intragovernmental		
Accounts Payable	\$ 302,575	\$ 366,027
Accrued Federal Employees' Compensation Act Liabilities	260,652	250,625
Custodial Liabilities (Note 21)	1,114,298	605,009
Other Liabilities (Note 15)	368,713	377,451
Total Intragovernmental	<u>2,046,238</u>	<u>1,599,112</u>
Accounts Payable	4,108,056	2,504,820
Accrued Grant Liabilities	604,119	614,419
Actuarial Federal Employees' Compensation Act Liabilities	1,474,278	1,359,360
Accrued Payroll and Benefits	653,909	644,502
Accrued Annual and Compensatory Leave Liabilities	838,252	831,783
Environmental and Disposal Liabilities (Note 12)	74,441	72,709
Deferred Revenue	556,464	533,427
Seized Cash and Monetary Instruments (Note 14)	1,587,167	4,063,738
Contingent Liabilities (Note 16)	28,671	68,652
Capital Lease Liabilities (Note 13)	17,096	25,141
Radiation Exposure Compensation Act Liabilities (Note 25)	731,237	535,838
September 11 <sup>th</sup> Victim Compensation Fund (Note 25)	2,766,400	-
Other Liabilities (Note 15)	455,657	415,976
<b>Total Liabilities</b>	<b><u>\$ 15,941,985</u></b>	<b><u>\$ 13,269,477</u></b>
<b>NET POSITION</b>		
Unexpended Appropriations - Earmarked Funds (Note 17)	\$ 25,963	\$ 21,727
Unexpended Appropriations - All Other Funds	10,568,815	11,952,581
Cumulative Results of Operations - Earmarked Funds (Note 17)	10,949,539	9,066,816
Cumulative Results of Operations - All Other Funds	5,704,412	8,482,489
<b>Total Net Position</b>	<b><u>\$ 27,248,729</u></b>	<b><u>\$ 29,523,613</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 43,190,714</u></b>	<b><u>\$ 42,793,090</u></b>

The accompanying notes are an integral part of these financial statements.

**U. S. Department of Justice**  
**Consolidated Statements of Net Cost**  
**For the Fiscal Years Ended September 30, 2012 and 2011**

**Dollars in Thousands**

	FY	Gross Costs			Less: Earned Revenues			Net Cost of Operations (Note 18)
		Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	
<b>Goal 1</b>	<b>2012</b>	\$ 1,426,981	\$ 4,300,297	\$ 5,727,278	\$ 439,321	\$ 30,912	\$ 470,233	\$ 5,257,045
	<b>2011</b>	\$ 1,461,443	\$ 4,164,706	\$ 5,626,149	\$ 447,623	\$ 23,160	\$ 470,783	\$ 5,155,366
<b>Goal 2</b>	<b>2012</b>	3,361,356	16,698,326	20,059,682	468,597	646,666	1,115,263	18,944,419
	<b>2011</b>	3,328,444	11,338,264	14,666,708	427,340	627,929	1,055,269	13,611,439
<b>Goal 3</b>	<b>2012</b>	2,729,014	12,794,400	15,523,414	867,132	663,176	1,530,308	13,993,106
	<b>2011</b>	2,688,773	12,985,253	15,674,026	1,107,938	697,787	1,805,725	13,868,301
<b>Total</b>	<b>2012</b>	<u>\$ 7,517,351</u>	<u>\$ 33,793,023</u>	<u>\$ 41,310,374</u>	<u>\$ 1,775,050</u>	<u>\$ 1,340,754</u>	<u>\$ 3,115,804</u>	<u>\$ 38,194,570</u>
	<b>2011</b>	<u>\$ 7,478,660</u>	<u>\$ 28,488,223</u>	<u>\$ 35,966,883</u>	<u>\$ 1,982,901</u>	<u>\$ 1,348,876</u>	<u>\$ 3,331,777</u>	<u>\$ 32,635,106</u>

- Goal 1 Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law  
Goal 2 Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law  
Goal 3 Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels

The accompanying notes are an integral part of these financial statements.

**U. S. Department of Justice**  
**Consolidated Statements of Changes in Net Position**  
**For the Fiscal Year Ended September 30, 2012**

**Dollars in Thousands**

	2012			
	Earmarked Funds	All Other Funds	Eliminations	Total
<b>Unexpended Appropriations</b>				
<b>Beginning Balances</b>	\$ 21,727	\$ 11,952,581	\$ -	\$ 11,974,308
<b>Budgetary Financing Sources</b>				
Appropriations Received	72,044	27,621,645	-	27,693,689
Appropriations Transferred-In/Out	-	330,471	-	330,471
Other Adjustments	-	(152,761)	-	(152,761)
Appropriations Used	(67,808)	(29,183,121)	-	(29,250,929)
<b>Total Budgetary Financing Sources</b>	<b>4,236</b>	<b>(1,383,766)</b>	<b>-</b>	<b>(1,379,530)</b>
<b>Unexpended Appropriations</b>	<b>\$ 25,963</b>	<b>\$ 10,568,815</b>	<b>\$ -</b>	<b>\$ 10,594,778</b>
<b>Cumulative Results of Operations</b>				
<b>Beginning Balances</b>	\$ 9,066,816	\$ 8,482,489	\$ -	\$ 17,549,305
<b>Budgetary Financing Sources</b>				
Other Adjustments	-	(40,000)	-	(40,000)
Appropriations Used	67,808	29,183,121	-	29,250,929
Nonexchange Revenues	2,802,985	975	-	2,803,960
Donations and Forfeitures of Cash and Cash Equivalents	4,194,465	-	-	4,194,465
Transfers-In/Out Without Reimbursement	-	109,395	-	109,395
<b>Other Financing Sources</b>				
Donations and Forfeitures of Property	120,245	30	-	120,275
Transfers-In/Out Without Reimbursement	(149,908)	137,285	-	(12,623)
Imputed Financing from Costs Absorbed by Others (Note 19)	15,446	887,286	(24,718)	878,014
Other Financing Sources	-	(5,199)	-	(5,199)
<b>Total Financing Sources</b>	<b>7,051,041</b>	<b>30,272,893</b>	<b>(24,718)</b>	<b>37,299,216</b>
<b>Net Cost of Operations</b>	<b>(5,168,318)</b>	<b>(33,050,970)</b>	<b>24,718</b>	<b>(38,194,570)</b>
<b>Net Change</b>	1,882,723	(2,778,077)	-	(895,354)
<b>Cumulative Results of Operations</b>	<b>\$ 10,949,539</b>	<b>\$ 5,704,412</b>	<b>\$ -</b>	<b>\$ 16,653,951</b>
<b>Net Position</b>	<b>\$ 10,975,502</b>	<b>\$ 16,273,227</b>	<b>\$ -</b>	<b>\$ 27,248,729</b>

The accompanying notes are an integral part of these financial statements.

**U. S. Department of Justice**  
**Consolidated Statements of Changes in Net Position**  
**For the Fiscal Year Ended September 30, 2011**

**Dollars in Thousands**

	2011			
	Earmarked Funds	All Other Funds	Eliminations	Total
<b>Unexpended Appropriations</b>				
<b>Beginning Balances</b>	\$ 19,585	\$ 13,791,272	\$ -	\$ 13,810,857
<b>Budgetary Financing Sources</b>				
Appropriations Received	71,746	27,408,088	-	27,479,834
Appropriations Transferred-In/Out	-	400,839	-	400,839
Other Adjustments	(326)	(105,930)	-	(106,256)
Appropriations Used	(69,278)	(29,541,688)	-	(29,610,966)
<b>Total Budgetary Financing Sources</b>	<b>2,142</b>	<b>(1,838,691)</b>	<b>-</b>	<b>(1,836,549)</b>
<b>Unexpended Appropriations</b>	<b>\$ 21,727</b>	<b>\$ 11,952,581</b>	<b>\$ -</b>	<b>\$ 11,974,308</b>
<b>Cumulative Results of Operations</b>				
<b>Beginning Balances</b>	\$ 7,636,045	\$ 8,068,651	\$ -	\$ 15,704,696
<b>Budgetary Financing Sources</b>				
Other Adjustments	-	(26,000)	-	(26,000)
Appropriations Used	69,278	29,541,688	-	29,610,966
Nonexchange Revenues	2,003,887	508	-	2,004,395
Donations and Forfeitures of Cash and Cash Equivalents	1,580,584	-	-	1,580,584
Transfers-In/Out Without Reimbursement	-	113,735	-	113,735
<b>Other Financing Sources</b>				
Donations and Forfeitures of Property	157,381	226	-	157,607
Transfers-In/Out Without Reimbursement	(6,192)	50,748	-	44,556
Imputed Financing from Costs Absorbed by Others (Note 19)	16,069	1,007,880	(25,464)	998,485
Other Financing Sources	-	(4,613)	-	(4,613)
<b>Total Financing Sources</b>	<b>3,821,007</b>	<b>30,684,172</b>	<b>(25,464)</b>	<b>34,479,715</b>
<b>Net Cost of Operations</b>	<b>(2,390,236)</b>	<b>(30,270,334)</b>	<b>25,464</b>	<b>(32,635,106)</b>
<b>Net Change</b>	<b>1,430,771</b>	<b>413,838</b>	<b>-</b>	<b>1,844,609</b>
<b>Cumulative Results of Operations</b>	<b>\$ 9,066,816</b>	<b>\$ 8,482,489</b>	<b>\$ -</b>	<b>\$ 17,549,305</b>
<b>Net Position</b>	<b>\$ 9,088,543</b>	<b>\$ 20,435,070</b>	<b>\$ -</b>	<b>\$ 29,523,613</b>

The accompanying notes are an integral part of these financial statements.

**U. S. Department of Justice**  
**Combined Statements of Budgetary Resources**  
**For the Fiscal Years Ended September 30, 2012 and 2011**

<b>Dollars in Thousands</b>	<b>2012</b>	<b>2011</b>
<b>Budgetary Resources:</b>		
Unobligated Balance, Net, Brought Forward, October 1	\$ 3,882,323	\$ 4,039,298
Recoveries of Prior Year Unpaid Obligations	877,535	753,442
Other Changes in Unobligated Balance	<u>(12,383)</u>	<u>34,970</u>
Unobligated Balance from Prior Year Budget Authority, Net	4,747,475	4,827,710
Appropriations (discretionary and mandatory)	33,346,750	30,646,052
Spending Authority from Offsetting Collections (discretionary and mandatory)	<u>7,193,483</u>	<u>6,956,003</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 45,287,708</u></b>	<b><u>\$ 42,429,765</u></b>
<b>Status of Budgetary Resources:</b>		
Obligations Incurred (Note 20)	41,251,276	38,547,442
Unobligated Balance, End of Period:		
Apportioned	2,730,163	2,426,008
Exempt from Apportionment	218,191	211,197
Unapportioned	<u>1,088,078</u>	<u>1,245,118</u>
Total Unobligated Balance - End of Period	<u>4,036,432</u>	<u>3,882,323</u>
<b>Total Status of Budgetary Resources</b>	<b><u>\$ 45,287,708</u></b>	<b><u>\$ 42,429,765</u></b>
<b>Change in Obligated Balance:</b>		
Obligated Balance, Net - Brought Forward, October 1		
Unpaid Obligations, Gross	\$ 16,676,653	\$ 17,759,329
Less: Uncollected Customer Payments from Federal Sources	<u>1,790,659</u>	<u>1,753,098</u>
Total Obligated Balance, Net - Brought Forward, October 1	14,885,994	16,006,231
Obligations Incurred	41,251,276	38,547,442
Less: Outlays, Gross	40,120,017	38,876,674
Change in Uncollected Customer Payments from Federal Sources	(99,702)	(37,562)
Less: Recoveries of Prior Year Unpaid Obligations	877,535	753,442
Obligated Balance, Net - End of Period		
Unpaid Obligations, Gross	16,930,377	16,676,653
Less: Uncollected Customer Payments from Federal Sources	<u>1,890,361</u>	<u>1,790,659</u>
<b>Total Obligated Balance, Net - End of Period</b>	<b><u>\$ 15,040,016</u></b>	<b><u>\$ 14,885,994</u></b>
<b>Budgetary Authority and Outlays, Net:</b>		
Budgetary Authority, Gross (discretionary and mandatory)	40,540,233	37,602,055
Less: Actual Offsetting Collections (discretionary and mandatory)	7,093,781	6,918,445
Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory)	<u>(99,702)</u>	<u>(37,562)</u>
Budget Authority, Net (discretionary and mandatory)	<u>33,346,750</u>	<u>30,646,048</u>
Outlays, Gross (discretionary and mandatory)	40,120,017	38,876,674
Less: Actual Offsetting Collections (discretionary and mandatory)	<u>7,093,781</u>	<u>6,918,445</u>
Outlays, Net (discretionary and mandatory)	33,026,236	31,958,229
Less: Distributed Offsetting Receipts	<u>1,425,127</u>	<u>1,025,644</u>
Agency Outlays, Net (discretionary and mandatory)	<u>31,601,109</u>	<u>30,932,585</u>

The accompanying notes are an integral part of these financial statements.

**U. S. Department of Justice**  
**Combined Statements of Custodial Activity**  
**For the Years Ended September 30, 2012 and 2011**

<b>Dollars in Thousands</b>	<b>2012</b>	<b>2011</b>
<b>Revenue Activity</b>		
<b>Sources of Cash Collections</b>		
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	\$ 6,995,798	\$ 5,222,083
Fees and Licenses	36,710	32,437
Fines, Penalties and Restitution Payments - Civil	12,613	82,288
Fines, Penalties and Restitution Payments - Criminal	39,824	38,350
Miscellaneous	13,652	4,853
<b>Total Cash Collections</b>	<b>7,098,597</b>	<b>5,380,011</b>
<b>Accrual Adjustments</b>	<b>(1,405)</b>	<b>3,643</b>
<b>Total Custodial Revenue</b>	<b>7,097,192</b>	<b>5,383,654</b>
<b>Disposition of Collections</b>		
Transferred to Federal Agencies		
U.S. Department of Agriculture	(105,670)	(96,346)
U.S. Department of Commerce	(3,746)	(5,103)
U.S. Department of the Interior	(129,015)	(29,959)
U.S. Department of Justice	(21,085)	(81,181)
U.S. Department of Labor	(9,175)	(736)
U.S. Postal Service	(7,675)	(4,362)
U.S. Department of State	(26,613)	(8,535)
U.S. Department of the Treasury	(969,585)	(249,184)
Office of Personnel Management	(157,714)	(58,144)
Federal Communications Commission	(310)	(14,727)
Social Security Administration	(921)	(2,726)
Smithsonian Institution	(8)	(190)
U.S. Department of Veterans Affairs	(125,354)	(28,703)
General Services Administration	(130,087)	(88,447)
Securities and Exchange Commission	(411)	(3)
Federal Deposit Insurance Corporation	(59)	(71)
Railroad Retirement Board	(288)	(100)
Tennessee Valley Authority	(8)	-
Environmental Protection Agency	(189,137)	(341,267)
U.S. Department of Transportation	(13,674)	(7,236)
U.S. Department of Homeland Security	(66,585)	(66,843)
Agency for International Development	(511)	(22,233)
Small Business Administration	(6,371)	(10,447)
U.S. Department of Health and Human Services	(1,283,167)	(2,001,923)
National Aeronautics and Space Administration	(725)	(3,792)
Export-Import Bank of the United States	(17,264)	(24,643)
U.S. Department of Housing and Urban Development	(1,129,547)	(11,099)
National Archives & Records Administration	(29)	-
U.S. Department of Energy	(3,313)	(2,093)
U.S. Department of Education	(14,452)	(55,431)
Independent Agencies	(63,619)	(67,264)
Treasury General Fund	(653,526)	(619,716)
U.S. Department of Defense	(217,607)	(173,894)
Transferred to the Public	(508,622)	(516,597)
(Increase)/Decrease in Amounts Yet to be Transferred	(566,077)	(307,947)
Refunds and Other Payments	(513,185)	(364,644)
Retained by the Reporting Entity	(162,057)	(118,068)
<b>Total Disposition of Collections</b>	<b>(7,097,192)</b>	<b>(5,383,654)</b>
<b>Net Custodial Activity (Note 21)</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Department of Justice (Department) has a wide range of responsibilities which include: detecting, apprehending, prosecuting, and incarcerating criminal offenders; operating federal prison factories; upholding the civil rights of all Americans; enforcing laws to protect the environment; ensuring healthy competition of business in the United States' free enterprise system; safeguarding the consumer from fraudulent activity; carrying out the immigration laws of the United States; and representing the American people in all legal matters involving the U.S. Government. Under the direction of the Attorney General, these responsibilities are discharged by the components of the Department.

For purposes of these consolidated/combined financial statements, the following components comprise the Department's reporting entity:

- Assets Forfeiture Fund and Seized Asset Deposit Fund (AFF/SADF)
- Offices, Boards and Divisions (OBDs)
- U.S. Marshals Service (USMS)
- Office of Justice Programs (OJP)
- Drug Enforcement Administration (DEA)
- Federal Bureau of Investigation (FBI)
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Bureau of Prisons (BOP)
- Federal Prison Industries, Inc. (FPI)

The American Recovery and Reinvestment Act of 2009 (ARRA) (Public Law 111-5) was signed into law by President Obama on February 17, 2009. As one of its many elements, the Recovery Act provides the Department with funding for grants to assist state, local, and tribal law enforcement (including support for hiring), to combat violence against women, to fight internet crimes against children, to improve the functioning of the criminal justice system, to assist victims of crime, and to support youth mentoring.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**B. Basis of Presentation**

These financial statements have been prepared from the books and records of the Department in accordance with United States generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These financial statements are different from the financial reports prepared pursuant to OMB directives which are used to monitor and control the use of the Department's budgetary resources. The accompanying financial statements include the accounts of all funds under the Department's control. To ensure that the Department financial statements are meaningful at the entity level and to enhance reporting consistency within the Department, Other Assets and Other Liabilities as defined by OMB Circular A-136 have been disaggregated on the balance sheet. These include Forfeited Property, Net; Advances and Prepayments; Accrued Grant Liabilities; Accrued Federal Employees' Compensation Act (FECA) Liabilities; Custodial Liabilities; Accrued Payroll and Benefits; Accrued Annual and Compensatory Leave Liabilities; Deferred Revenue; Seized Cash and Monetary Instruments; Contingent Liabilities; Capital Lease Liabilities; Radiation Exposure Compensation Act (RECA) Liabilities; and September 11<sup>th</sup> Victim Compensation Fund Liabilities.

**C. Basis of Consolidation**

The consolidated/combined financial statements of the Department include the accounts of the AFF/SADF, OBDs, USMS, OJP, DEA, FBI, ATF, BOP, and FPI. All significant proprietary intra-departmental transactions and balances have been eliminated in consolidation. The Statements of Budgetary Resources and Statements of Custodial Activity are combined statements for FYs 2012 and 2011, and as such, intra-departmental transactions have not been eliminated.

**D. Basis of Accounting**

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon legal considerations and constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements. FPI is non-appropriated and self-sustaining. While FPI performs budgetary accounting in preparing its financial statements, FPI does not record budgetary information at the transaction level.

Custodial activity reported on the Combined Statement of Custodial Activity is prepared on the modified cash basis. Civil and Criminal Debt Collections are recorded when the Department receives payment from debtors. Accrual adjustments are made related to collections of fees and licenses.

The financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**E. Non-Entity Assets**

Non-entity assets are not available for use by the Department and consist primarily of restricted undisbursed civil and criminal debt collections, seized cash, accounts receivable, and other monetary assets.

**F. Fund Balance with U.S. Treasury and Cash**

Funds with the Department of the Treasury (Treasury) represent primarily appropriated, revolving, and trust funds available to pay current liabilities and finance future authorized purchases. The Treasury, as directed by authorized certifying officers, processes cash receipts and disbursements. The Department does not, for the most part, maintain cash in commercial bank accounts. Certain receipts, however, are processed by commercial banks for deposit into individual accounts maintained at the Treasury. The Department's cash and other monetary assets consist of undeposited collections, imprest funds, cash used in undercover operations, cash held as evidence, and seized cash.

**G. Investments**

Investments are market-based Treasury securities issued by the Bureau of Public Debt. When securities are purchased, the investment is recorded at face value (the value at maturity). The Department's intent is to hold investments to maturity, unless the invested funds are needed to sustain operations. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. The market value of the investments is the current market value at the end of the reporting period. It is calculated by using the "End of Day" price listed in The FedInvest Price File which can be found on the Bureau of Public Debt website (<http://www.fedinvest.gov/>). Investments are reported on the Consolidated Balance Sheet at their net value, the face value plus or minus any unamortized premium or discount. Premiums and discounts are amortized over the life of the Treasury security. The interest method is used for the amortization of premium and discount of Treasury notes and the straight-line method is used for Treasury bills. Amortization is based on the straight-line method over the term of the securities.

The AFF, the U.S. Trustee System Fund, and the Federal Prison Commissary Fund are three earmarked funds that invest in Treasury securities. The Treasury does not set aside assets to pay future expenditures associated with earmarked funds. Instead, the cash generated from earmarked funds is used by the Treasury for general Government purposes. When these earmarked funds redeem their Treasury securities to make expenditures, the Treasury will finance the expenditures in the same manner that it finances all other expenditures.

Treasury securities are issued to the earmarked funds as evidence of earmarked receipts and provide the funds with the authority to draw upon the U.S. Treasury for future authorized expenditures. Treasury securities held by an earmarked fund are an asset of the fund and a liability of the Treasury, so they are eliminated in consolidation for the U.S. Government-wide financial statements.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**H. Accounts Receivable**

Net accounts receivable includes reimbursement and refund receivables due from federal agencies and the public, less the allowance for doubtful accounts. Generally, most intragovernmental accounts receivable are considered fully collectible. The allowance for doubtful accounts for public receivables is estimated based on past collection experience and analysis of outstanding receivable balances at year end.

**I. Inventory and Related Property**

Inventory is maintained primarily for the manufacture of goods for sale to customers. This inventory is composed of three categories: Raw Materials, Work in Process, and Finished Goods. Raw material inventory value is based upon moving average costs. Inventories are valued at the lower of average cost or market value (LCM) and include materials, labor and manufacturing overhead. Market value is calculated on the basis of the contractual or anticipated selling price, less allowance for administrative expenses. DOJ values its finished goods and sub-assembly items at a standard cost that is periodically adjusted to approximate actual cost. DOJ has established inventory allowances to account for LCM adjustments and obsolete items that may not be utilized in future periods.

Additional inventories consist of new and rehabilitated office furniture, equipment and supplies used for the repair of airplanes, administrative supplies and materials, commissary sales to inmates (sundry items), metals, plastics, electronics, graphics, and optics.

**J. General Property, Plant and Equipment**

With the exception of land, real property and leasehold improvements are capitalized when the cost of acquiring and/or improving the asset is \$100 or more and the asset has a useful life of two or more years. Land is capitalized regardless of the acquisition cost. Real property is depreciated or amortized, based on historical cost, using the straight-line method over the estimated useful life of the asset.

Except for BOP and FPI, Department acquisitions of personal property, excluding internal use software, costing \$25 or more is capitalized if the asset has an estimated useful life of two or more years. Personal property is depreciated, based on historical cost, using the straight-line method over the estimated useful life of the asset. BOP and FPI capitalize personal property acquisitions over \$5 and \$10, respectively.

Internal use software is capitalized when developmental phase costs or enhancement costs are \$500 or more and the asset has an estimated useful life of two or more years. Aircraft are capitalized when the initial cost of acquiring those assets is \$100 or more. Internal use software and aircraft are depreciated, based on historical cost, using the straight-line method over the estimated useful life of the asset.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**K. Advances and Prepayments**

Advances and prepayments, classified as assets on the Consolidated Balance Sheets, consist primarily of funds disbursed to grantees in excess of total expenditures made by those grantees to third parties, funds advanced to state and local participants in the DEA Domestic Cannabis Eradication and Suppression Program, and travel advances issued to federal employees for official travel. Travel advances are limited to meals and incidental expenses expected to be incurred by the employees during official travel. Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of payment and are recognized as expenses when the goods and services are received.

**L. Forfeited and Seized Property**

Forfeited property is property for which the title has passed to the U.S. Government. This property is recorded at the estimated fair market value at the time of forfeiture and is not adjusted for any subsequent increases and decreases in estimated fair market value. The value of the property is reduced by the estimated liens of record.

Property is seized in consequence of a violation of public law. Seized property can include monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency. Most non-cash property is held by the USMS from the point of seizure until its disposition. This property is recorded at the estimated fair market value at the time of seizure and is not adjusted for any subsequent increases and decreases in estimated fair market value.

**M. Liabilities**

Liabilities represent the monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent proper budget authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources in Note 11. Accrued payroll and benefits are accrued based on the number of days in a pay period earned but not paid to employees at the end of the fiscal year.

**N. Accrued Grant Liabilities**

Disbursements of grant funds are recognized as expenses at the time of disbursement. However, some grant recipients incur expenditures prior to initiating a request for disbursement based on the nature of the expenditures. The OBDs and OJP accrue a liability for expenditures incurred by grantees prior to receiving grant funds for expenditures. The amount to be accrued is determined through an analysis of historic grant expenditures. These estimates are based on the most current information available at the time the financial statements are prepared.

Estimates for the grant accrual contain assumptions that have an impact on the financial statements. The key assumptions used in the grant accrual are: grantees have consistent spending patterns

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**N. Accrued Grant Liabilities (continued)**

throughout the life of the grant, grantees will drawdown throughout the life of the grant, and the grant has a determined end date. The primary elements of these assumptions include, but are not limited to, type of grant that has been awarded, grant period, accounting basis used by the grantees, and the grant expenditure rate.

**O. Contingencies and Commitments**

The Department is involved in various administrative proceedings, legal actions, and claims. The balance sheet includes an estimated liability for those legal actions where management and the Chief Counsel consider adverse decisions “probable” and amounts are reasonably estimable. Legal actions where management and the Chief Counsel consider adverse decisions “probable” or “reasonably possible” and the amounts are reasonably estimable are disclosed in Note 16. However, there are cases where amounts have not been accrued or disclosed because the amounts of the potential loss cannot be estimated or the likelihood of an unfavorable outcome is considered “remote”.

**P. Annual, Sick, and Other Leave**

Annual and compensatory leave is expensed with an offsetting liability as it is earned and the liability is reduced as leave is taken. Each year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed as taken.

**Q. Interest on Late Payments**

Pursuant to the Prompt Payment Act, 31 U.S.C. § 3901-3907, the Department pays interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after receipt of a proper invoice or acceptance of the goods or services, whichever is later.

**R. Retirement Plan**

With few exceptions, employees hired before January 1, 1984 are covered by the Civil Service Retirement System (CSRS) and employees hired on or after that date are covered by the Federal Employees Retirement System (FERS). For employees covered by CSRS, the Department contributes 7% of the employees’ gross pay for regular and 7.5% for law enforcement officers’ retirement. For employees covered by FERS, the Department contributes 11.9% of the employees’ gross pay for regular and 26.3% for law enforcement officers’ retirement. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For those employees covered by the FERS, a TSP account is automatically established to which the Department is required to contribute an additional 1% of gross pay and match employee contributions up to 4%. No contributions are made to the TSP accounts established by the CSRS employees. The Department does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to its employees.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**R. Retirement Plan (continued)**

Such reporting is the responsibility of the Office of Personnel Management (OPM). Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. Refer to Note 19, *Imputed Financing from Costs Absorbed by Others*, for additional details.

**S. Federal Employee Compensation Benefits**

The FECA provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

**Actuarial Liability:** The Department of Labor (DOL) calculates the liability of the federal government for future compensation benefits, which includes the expected liability for death, disability, medical, and other approved costs. The liability is determined using the paid-losses extrapolation method calculated over the next 37-year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value. The resulting federal government liability is then distributed by agency. The Department's portion of this liability includes the estimated future cost of death benefits, workers' compensation, medical, and miscellaneous cost for approved compensation cases for the Department employees. The Department liability is further allocated to component reporting entities on the basis of actual payments made to the FECA Special Benefits Fund (SBF) for the three prior years as compared to the total Department payments made over the same period.

The FECA actuarial liability is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed to the Department. The cost associated with this liability cannot be met by the Department without further appropriation action.

**Accrued Liability:** The accrued FECA liability is the amount owed to the DOL for the benefits paid from the FECA SBF directly to Department employees.

**T. Intragovernmental Activity**

Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the federal government. Costs and earned revenues with the public represent exchange transactions made between the reporting entity and a non-federal entity. The classification of revenue or cost as "intragovernmental" or "with the public" is defined on a transaction-by-transaction basis. The purpose of this classification is to enable the federal government to prepare consolidated financial statements, not to match public and intragovernmental revenue with the costs incurred to produce public and intragovernmental revenue.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**U. Revenues and Other Financing Sources**

The Department receives the majority of funding needed to support its programs through Congressional appropriations. The Department receives annual, multi-year, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional funding is obtained through exchange revenues, nonexchange revenues, and transfers-in.

Appropriations Used are recognized as budgetary financing sources at the time the related program or administrative expenses are incurred. Exchange revenues are recognized when earned, for example, when goods have been delivered or services rendered. Nonexchange revenues are resources that the Government demands or receives, for example, forfeiture revenue and fines and penalties.

The Department's exchange revenue consists of the following activities: licensing fees to manufacture and distribute controlled substances; services rendered for legal activities; space management; data processing services; sale of merchandise and telephone services to inmates; sale of manufactured goods and services to other federal agencies; and other services. Fees are set by law and are periodically evaluated in accordance with OMB guidance.

The Department's nonexchange revenue consists of forfeiture income resulting from the sale of forfeited property, penalties in lieu of forfeiture, recovery of returned asset management cost, judgment collections, and other miscellaneous income. Other nonexchange revenue includes the OJP Crime Victims Fund receipts, ATF fees from firearms and ammunition industries, and AFF/SADF interest on investments with the Treasury.

The Department's deferred revenue includes fees received for processing various applications and licenses with DEA for which the process was not completed at the end of fiscal year or for licenses that are valid for multiple years. These monies are recorded as liabilities in the financial statements. Deferred revenue also includes forfeited property held for sale. When the property is sold, deferred revenue is reversed and forfeiture revenue in the amount of the gross proceeds of the sale is recorded.

**V. Earmarked Funds**

SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, defines 'earmarked funds' as being financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues. The three required criteria for an Earmarked Fund are:

These notes are an integral part of the financial statements.

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**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**V. Earmarked Funds (continued)**

1. A statute committing the federal government to use specifically identified revenues and other financing sources only for designated activities, benefits or purposes;
2. Explicit authority for the earmarked fund to retain revenues and other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
3. A requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the earmarked fund from the Government's general revenues.

The following funds meet the definition of an earmarked fund: AFF, U.S. Trustee System Fund, Antitrust Division, Crime Victims Fund, Diversion Control Fee Account, and Federal Prison Commissary Fund.

**W. Allocation Transfer of Appropriation**

The Department is a party to allocation transfers with other federal agencies as a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Two exceptions to this general rule affecting the Department include the funds transferred from the Judicial Branch to the USMS, and funds transferred from the Executive Office of the President to OJP. Per OMB's guidance, USMS and OJP report all activity relative to these allocation transfers in the respective financial statements.

The activity related to these transfers, included as part of these financial statements, is highlighted below:

OJP, as the parent, transfers funds from the Crime Victims Fund to the Department of Health and Human Services (HHS). This transfer is required by 42 U.S.C. §10603a {Sec. 14-4A} for *Child Abuse Prevention and Treatment Grants*. Amounts made available by section §10601(d)(2) of this title, for the purposes of this section, are to be obligated and expended by the Secretary of HHS for grants under section §5106c of this title.

OJP receives, as a child entity, allocation transfers of appropriations from the Executive Office of the President. This transfer is authorized by P.L. 111-117 and P.L. 112-74. Per OMB guidance OJP reports all budgetary and proprietary activity for *Do Right by Youth Pilot* transferred from the Executive Office of the President to OJP.

The Department also allocated funds from BOP, as the parent, to the Public Health Service (PHS), a primary division of the Department of Health and Human Services (HHS). PHS provides a portion of medical treatment for federal inmates. The money is designated and expended for current year obligation of PHS staff salaries, benefits, and applicable relocation expenses.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**W. Allocation Transfer of Appropriation (continued)**

USMS, as the child, receives allocation transfers of appropriation from the Administrative Office of the U.S. Courts. The allocation transfers are used for costs associated with protective guard services - Court Security Officers at United States courthouses and other facilities housing federal court operations. These costs include their salaries (paid through contracts), equipment, and supplies. This transfer is performed on an annual basis.

**X. Tax Exempt Status**

As an agency of the federal government, the Department is exempt from all income taxes imposed by any governing body whether it be a federal, state, commonwealth, local or foreign government.

**Y. Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Z. Reclassifications**

The FY 2011 financial statements were reclassified to conform to the FY 2012 Departmental financial statement presentation requirements. The Department has realigned its Statement of Net Cost and Note 18, Net Cost of Operations by Suborganization to further align to the revised goal structure in accordance with the Department's Strategic Plan. Also, changes to the presentation of the Combined and Combining Statements of Budgetary Resources were made, in accordance with guidance provided in OMB Circular A-136 and as such, activity and balances reported on the FY 2011 Combined and Combining Statement of Budgetary Resources have been reclassified to conform to the presentation in the current year. Certain other prior year amounts have also been reclassified to conform with the current year presentation. The reclassifications have no material effect on total assets, liabilities, net position, change in net position or budgetary resources, as previously reported.

**AA. Subsequent Events**

Subsequent events and transactions occurring after September 30, 2012 through the date of the auditors' opinion have been evaluated for potential recognition or disclosure in the financial statements. The date of the auditors' opinion also represents the date that the financial statements were available to be issued.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 2. Non-Entity Assets**

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 1,294,306	\$ 727,647
Investments, Net	<u>1,516,625</u>	<u>3,989,294</u>
Total Intragovernmental	<u>2,810,931</u>	<u>4,716,941</u>
With the Public		
Cash and Monetary Assets	229,373	233,376
Accounts Receivable, Net	<u>4,032</u>	<u>7,304</u>
Total With the Public	<u>233,405</u>	<u>240,680</u>
Total Non-Entity Assets	3,044,336	4,957,621
Total Entity Assets	<u>40,146,378</u>	<u>37,835,469</u>
Total Assets	<u>\$ 43,190,714</u>	<u>\$ 42,793,090</u>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 3. Fund Balance with U.S. Treasury**

The Fund Balances with U.S. Treasury represent the unexpended balances on the Department's books for all the Department's Treasury Symbols.

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Fund Balances		
Trust Funds	\$ 100,106	\$ 104,879
Special Funds	9,564,996	7,609,838
Revolving Funds	572,010	473,319
General Funds	14,447,788	15,105,225
Other Fund Types	60,398	61,191
Total Fund Balances with U.S. Treasury	<u>\$ 24,745,298</u>	<u>\$ 23,354,452</u>
Status of Fund Balances		
Unobligated Balance - Available	\$ 2,948,354	\$ 2,637,205
Unobligated Balance - Unavailable	1,088,078	1,245,118
Obligated Balance not yet Disbursed	15,040,015	14,885,994
Other Funds (With)/Without Budgetary Resources	5,668,851	4,586,135
Total Status of Fund Balances	<u>\$ 24,745,298</u>	<u>\$ 23,354,452</u>

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance is unavailable and may only be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances are still subject to the annual apportionment and allotment process.

Unobligated Balance - Unavailable includes amounts appropriated in prior fiscal years that are no longer available to fund new obligations, but can be used for upward and/or downward adjustments for existing obligations. Additionally, this line includes amounts received that are restricted to future use and as a result are not apportioned for current use. Other restricted funds include the collections of fees in excess of amounts budgeted for administering the Diversion Control Program. These collections may not be used until authorized by Congress.

Other Funds (With)/Without Budgetary Resources primarily represent the net of 1) investments in short-term securities with budgetary resources, 2) resources temporarily not available pursuant to public law, 3) custodial liabilities, and 4) miscellaneous receipts.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 4. Cash and Monetary Assets**

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash		
Undeposited Collections	\$ 16,439	\$ 2,813
Imprest Funds	14,876	14,071
Seized Cash Deposited	82,166	87,243
Other Cash	<u>72,557</u>	<u>72,700</u>
Total Cash	<u>186,038</u>	<u>176,827</u>
Monetary Assets		
Seized Monetary Instruments	<u>74,644</u>	<u>73,426</u>
Total Cash and Monetary Assets	<u>\$ 260,682</u>	<u>\$ 250,253</u>

The majority of Other Cash consists of project-generated proceeds from undercover operations.

**Note 5. Investments, Net**

	<u>Face Value</u>	<u>Unamortized Premium (Discount)</u>	<u>Interest Receivable</u>	<u>Investments, Net</u>	<u>Market Value</u>
As of September 30, 2012					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 6,213,792	\$ (76)	\$ 187	\$ 6,213,903	\$ 6,214,504
As of September 30, 2011					
Intragovernmental					
Non-Marketable Securities					
Market Based	\$ 6,919,892	\$ (137)	\$ 44	\$ 6,919,799	\$ 6,920,238

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 6. Accounts Receivable, Net**

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Intragovernmental		
Accounts Receivable	\$ 324,425	\$ 380,562
Allowance for Uncollectible Accounts	(98)	(131)
Total Intragovernmental	<u>324,327</u>	<u>380,431</u>
With the Public		
Accounts Receivable	131,503	141,934
Allowance for Uncollectible Accounts	<u>(15,891)</u>	<u>(16,036)</u>
Total With the Public	<u>115,612</u>	<u>125,898</u>
Total Accounts Receivable, Net	<u>\$ 439,939</u>	<u>\$ 506,329</u>

Intragovernmental accounts receivable consists mainly of amounts due under reimbursable agreements with federal entities for services and goods provided.

The accounts receivable with the public primarily consists of OBDs U.S. Trustee Chapter 11 quarterly fees, FBI Non-Federal User Fee Program, FBI National Name Check Program, court mandated restitution, and refunds due from the public.

**Note 7. Inventory and Related Property, Net**

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Inventory		
Raw Materials	\$ 45,078	\$ 42,832
Work in Process	26,081	30,583
Finished Goods	53,949	60,697
Inventory Purchased for Resale	19,715	18,286
Excess, Obsolete, and Unserviceable	30,562	27,087
Inventory Allowance	(26,416)	(27,265)
Operating Materials and Supplies		
Held for Current Use	<u>17,640</u>	<u>18,669</u>
Total Inventory and Related Property, Net	<u>\$ 166,609</u>	<u>\$ 170,889</u>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 8. Forfeited and Seized Property**

**Equitable Sharing Payments:**

The statute governing the use of the AFF (28 U.S.C. §524(c)) permits the payment of equitable shares of forfeiture proceeds to participating foreign governments and state and local law enforcement agencies. The statute does not require such sharing and permits the Attorney General wide discretion in determining those transfers. Actual sharing is difficult to predict because many factors influence both the amount and timing of disbursement of equitable sharing payments, such as the length of time required to move an asset through the forfeiture process to disposition, the amount of net proceeds available for sharing, the elapse of time for Departmental approval of equitable sharing requests for cases with asset values exceeding \$1 million, and appeal of forfeiture judgments. Because of uncertainties surrounding the timing and amount of any equitable sharing payment, an obligation and expense are recorded only when the actual disbursement of the equitable sharing payment is imminent. The anticipated equitable sharing allocation level for FY 2013 is \$446 million.

**Analysis of Change in Forfeited Property:**

The number of items represents quantities calculated using many different units of measure. If necessary, the adjustments column includes property status and valuation changes received after, but properly credited to the appropriate fiscal years. The valuation changes include updates and corrections to an asset's value recorded in the prior year.

These notes are an integral part of the financial statements.

*FY 2012 U. S. Department of Justice Annual Financial Statements*

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 8. Forfeited and Seized Property (continued)**

For the Fiscal Year Ended September 30, 2012

Forfeited Property Category		Beginning Balance	Adjust- ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	117	-	283	(222)	178	-	178
	Value	\$ 1,730	\$ -	\$ 25,544	\$ (25,945)	\$ 1,329	\$ (658)	\$ 671
Real Property	Number	452	-	390	(424)	418	-	418
	Value	\$ 98,008	\$ -	\$ 64,732	\$ (80,744)	\$ 81,996	\$ (977)	\$ 81,019
Personal Property	Number	3,384	-	6,156	(5,682)	3,858	-	3,858
	Value	\$ 74,846	\$ (16,146)	\$ 80,856	\$ (75,584)	\$ 63,972	\$ (551)	\$ 63,421
Non-Valued Firearms	Number	23,593	-	17,525	(14,322)	26,796	-	26,796
Total	Number	27,546	-	24,354	(20,650)	31,250	-	31,250
	Value	\$ 174,584	\$ (16,146)	\$ 171,132	\$ (182,273)	\$ 147,297	\$ (2,186)	\$ 145,111

For the Fiscal Year Ended September 30, 2011

Forfeited Property Category		Beginning Balance	Adjust- ments	Forfeitures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
Financial Instruments	Number	97	-	155	(135)	117	-	117
	Value	\$ 2,219	\$ -	\$ 15,822	\$ (16,311)	\$ 1,730	\$ -	\$ 1,730
Real Property	Number	477	-	315	(340)	452	-	452
	Value	\$ 89,018	\$ -	\$ 74,928	\$ (65,938)	\$ 98,008	\$ (866)	\$ 97,142
Personal Property	Number	3,047	-	5,996	(5,659)	3,384	-	3,384
	Value	\$ 102,196	\$ -	\$ 93,813	\$ (121,163)	\$ 74,846	\$ (972)	\$ 73,874
Non-Valued Firearms	Number	19,378	-	16,231	(12,016)	23,593	-	23,593
Total	Number	22,999	-	22,697	(18,150)	27,546	-	27,546
	Value	\$ 193,433	\$ -	\$ 184,563	\$ (203,412)	\$ 174,584	\$ (1,838)	\$ 172,746

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 8. Forfeited and Seized Property (continued)**

**Method of Disposition of Forfeited Property:**

During FYs 2012 and 2011, \$132,710 and \$165,406 of forfeited property were sold, \$2,672 and \$16,211 were destroyed or donated, \$10,349 and \$9,262 were returned to owners, and \$36,542 and \$12,533 were disposed of by other means, respectively. Other means of disposition include property transferred to other federal agencies for official use or equitable sharing, or property distributed to a state or local agency.

**Analysis of Change in Seized Property:**

Property seized for any purpose other than forfeiture and held by the seizing agency or a custodial agency should be disclosed by the seizing agency. All property seized for forfeiture, including property with evidentiary value, will be reported by the AFF/SADF. The Department has established a reporting threshold of \$1 or more for Personal Property seized for evidentiary purposes.

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property consists of seized cash, monetary instruments, real property and tangible personal property in the actual or constructive possession of the seizing and the custodial agencies. The Department, until judicially or administratively forfeited, does not legally own such property. Seized evidence includes cash, financial instruments, non-monetary valuables, firearms, and drugs. The AFF/SADF reports property seized for forfeiture and the FBI, DEA, and ATF report property seized for evidence.

The adjustments for FYs 2012 and 2011 include property status and valuation changes received after, but properly credited to FYs 2011 and 2010, respectively. The valuation changes include updates and corrections to an asset's value recorded in a prior year. During FY 2011, the DEA had access to better information that allowed the reporting of partial destructions of drugs held for evidence at the time of partial destruction rather than at the time the exhibit was fully destroyed. Therefore, the DEA has recorded an adjustment in the FY 2011 "Adjustment" column to primarily reflect the partial destruction of exhibits destroyed in prior years. ATF's adjustments for non-valued firearms are items determined to be seized for evidence that were not included in the seized for evidence balances in prior years.

The DEA, FBI, and ATF have custody of drugs taken as evidence for legal proceedings. In accordance with Federal Financial Accounting and Auditing Technical Release No. 4, *Reporting on Non-Valued Seized and Forfeited Property*, the Department reports the total amount of seized drugs by quantity only, as drugs have no value and are destroyed upon resolution of legal proceedings.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 8. Forfeited and Seized Property (continued)**

Analyzed drug evidence includes cocaine, heroin, marijuana and methamphetamine and represents actual laboratory tested classification and weight in kilograms (KG). Since enforcing the controlled substances laws and regulations of the United States is a primary mission of the DEA, the DEA reports all analyzed drug evidence regardless of seizure weight. However, the enforcement of these laws and regulations is incidental to the missions of the FBI and ATF and therefore they only report those individual seizures exceeding 1 KG in weight.

“Other” primarily consists of substances, both controlled and non-controlled as defined per the Controlled Substances Act, other than those discussed above. “Bulk Drug Evidence” is comprised of controlled substances housed by the DEA in secured storage facilities of which only a sample is taken for laboratory analysis. The actual bulk drug weight may vary from seizure weight due to changes in moisture content over time.

Unanalyzed drug evidence is qualitatively different from analyzed and bulk drug evidence because unanalyzed drug evidence includes the weight of packaging and drug categories are based on the determination of Special Agents instead of laboratory chemists. For these reasons, unanalyzed drug evidence is not reported by the Department. Seized drug evidence must be analyzed and confirmed through laboratory testing to be placed in one of the five categories of drug above.

“Disposals” occur when seized property is forfeited, returned to parties with a bona fide interest, or destroyed in accordance with federal guidelines.

These notes are an integral part of the financial statements.

**FY 2012 U. S. Department of Justice Annual Financial Statements**

**Notes to the Financial Statements  
(Dollars in Thousands, Except as Noted)**

**Note 8. Forfeited and Seized Property (continued)**

For the Fiscal Year Ended September 30, 2012

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Forfeiture</b>								
Seized Cash Deposited and Seized Monetary Instruments	Value	\$ 4,016,891	\$ -	\$ 1,587,055	\$ (4,067,423)	\$ 1,536,523	\$(125,969)	\$ 1,410,554
Financial Instruments	Number	477	(135)	328	(150)	520	-	520
	Value	\$ 53,241	\$ (33,852)	\$ 55,920	\$ (6,941)	\$ 68,368	\$ (4,851)	\$ 63,517
Real Property	Number	146	(2)	131	(148)	127	-	127
	Value	\$ 48,364	\$ 365	\$ 35,139	\$ (38,784)	\$ 45,084	\$ (9,710)	\$ 35,374
Personal Property	Number	7,477	-	8,264	(7,722)	8,019	-	8,019
	Value	\$ 184,003	\$ -	\$ 107,126	\$ (107,332)	\$ 183,797	\$ (16,667)	\$ 167,130
Non-Valued Firearms	Number	36,915	-	19,716	(23,059)	33,572	-	33,572

For the Fiscal Year Ended September 30, 2011

Seized Property Category		Beginning Balance	Adjustments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Forfeiture</b>								
Seized Cash Deposited and Seized Monetary Instruments	Value	\$ 1,424,806	\$ -	\$ 3,844,026	\$ (1,251,941)	\$ 4,016,891	\$ (92,080)	\$ 3,924,811
Financial Instruments	Number	413	(109)	274	(101)	477	-	477
	Value	\$ 99,712	\$ (66,438)	\$ 24,101	\$ (4,134)	\$ 53,241	\$ (3,236)	\$ 50,005
Real Property	Number	183	-	153	(190)	146	-	146
	Value	\$ 61,270	\$ -	\$ 49,431	\$ (62,337)	\$ 48,364	\$ (16,030)	\$ 32,334
Personal Property	Number	7,319	-	7,171	(7,013)	7,477	-	7,477
	Value	\$ 161,552	\$ -	\$ 124,371	\$ (101,920)	\$ 184,003	\$ (16,209)	\$ 167,794
Non-Valued Firearms	Number	34,281	-	23,858	(21,224)	36,915	-	36,915

These notes are an integral part of the financial statements.

*FY 2012 U. S. Department of Justice Annual Financial Statements*

**Notes to the Financial Statements  
(Dollars in Thousands, Except as Noted)**

**Note 8. Forfeited and Seized Property (continued)**

For the Fiscal Year Ended September 30, 2012

Seized Property Category		Beginning Balance	Adjust- ments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Evidence</b>								
Seized Monetary Instruments	Value	\$ 46,847	\$ (2,185)	\$ 33,100	\$ (27,118)	\$ 50,644	\$ -	\$ 50,644
Personal Property	Number	1,421	41	323	(371)	1,414	-	1,414
	Value	\$ 36,379	\$ (35)	\$ 9,673	\$ (15,680)	\$ 30,337	\$ -	\$ 30,337
<b>Non-Valued</b>								
Firearms	Number	62,595	(197)	16,088	(14,155)	64,331	-	64,331
<b>Drug Evidence</b>								
Cocaine	KG	56,161	421	28,033	(31,031)	53,584	-	53,584
Heroin	KG	3,108	(50)	1,124	(761)	3,421	-	3,421
Marijuana	KG	17,807	(321)	4,626	(4,689)	17,423	-	17,423
Bulk Drug Evidence	KG	278,152	252	995,893	(876,653)	397,644	-	397,644
Methamphetamine	KG	6,957	10	3,413	(1,877)	8,503	-	8,503
Other	KG	24,763	(1,145)	3,923	(5,687)	21,854	-	21,854
Total Drug Evidence	KG	386,948	(833)	1,037,012	(920,698)	502,429	-	502,429

For the Fiscal Year Ended September 30, 2011

Seized Property Category		Beginning Balance	Adjust- ments	Seizures	Disposals	Ending Balance	Liens and Claims	Ending Balance, Net of Liens
<b>Seized for Evidence</b>								
Seized Monetary Instruments	Value	\$ 45,577	\$ (4,903)	\$ 45,419	\$ (39,246)	\$ 46,847	\$ -	\$ 46,847
Personal Property	Number	1,602	(85)	412	(508)	1,421	-	1,421
	Value	\$ 26,691	\$ 8,649	\$ 13,946	\$ (12,907)	\$ 36,379	\$ -	\$ 36,379
<b>Non-Valued</b>								
Firearms	Number	44,465	7,405	14,268	(3,543)	62,595	-	62,595
<b>Drug Evidence</b>								
Cocaine	KG	278,449	(222,619)	27,429	(27,098)	56,161	-	56,161
Heroin	KG	3,450	(589)	812	(565)	3,108	-	3,108
Marijuana	KG	20,061	(1,521)	6,362	(7,095)	17,807	-	17,807
Bulk Drug Evidence	KG	227,564	1,043	1,058,390	(1,008,845)	278,152	-	278,152
Methamphetamine	KG	7,622	(1,928)	2,649	(1,386)	6,957	-	6,957
Other	KG	46,663	(16,935)	3,563	(8,528)	24,763	-	24,763
Total Drug Evidence	KG	583,809	(242,549)	1,099,205	(1,053,517)	386,948	-	386,948

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 8. Forfeited and Seized Property (continued)**

**Method of Disposition of Seized Property:**

During FYs 2012 and 2011, \$4,121,701 and \$1,297,764 of seized property were forfeited, \$100,681 and \$120,156 were returned to parties with a bonafide interest, and \$40,896 and \$54,566 were either released to a designated party or transferred to the appropriate federal entity under forfeiture or abandonment procedures. Non-valued property was primarily disposed of through destruction.

**Note 9. General Property, Plant and Equipment, Net**

As of September 30, 2012

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 184,622	\$ -	\$ 184,622	N/A
Improvements to Land	4,926	(1,187)	3,739	15 yrs
Construction in Progress	658,901	-	658,901	N/A
Buildings, Improvements and Renovations	10,075,903	(4,329,867)	5,746,036	2-50 yrs
Other Structures and Facilities	887,732	(472,971)	414,761	10-50 yrs
Aircraft	456,739	(151,139)	305,600	5-30 yrs
Boats	12,420	(7,005)	5,415	5-25 yrs
Vehicles	651,787	(397,427)	254,360	2-25 yrs
Equipment	1,743,587	(1,048,698)	694,889	2-25 yrs
Assets Under Capital Lease	93,139	(53,503)	39,636	2-30 yrs
Leasehold Improvements	1,498,657	(834,557)	664,100	2-20 yrs
Internal Use Software	1,266,385	(455,763)	810,622	2-10 yrs
Internal Use Software in Development	403,463	-	403,463	N/A
<b>Total</b>	<u>\$ 17,938,261</u>	<u>\$ (7,752,117)</u>	<u>\$ 10,186,144</u>	

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2012	<u>\$ 230,403</u>	<u>\$ 843,795</u>	<u>\$ 1,074,198</u>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 9. General Property, Plant and Equipment, Net (continued)**

As of September 30, 2011

	Acquisition Cost	Accumulated Depreciation	Net Book Value	Useful Life
Land and Land Rights	\$ 193,042	\$ -	\$ 193,042	N/A
Improvements to Land	4,584	(866)	3,718	15 yrs
Construction in Progress	894,755	-	894,755	N/A
Buildings, Improvements and Renovations	9,578,003	(4,001,606)	5,576,397	2-50 yrs
Other Structures and Facilities	849,524	(433,515)	416,009	10-50 yrs
Aircraft	450,418	(132,678)	317,740	5-30 yrs
Boats	10,078	(5,943)	4,135	5-25 yrs
Vehicles	594,285	(368,856)	225,429	2-25 yrs
Equipment	1,676,992	(1,007,478)	669,514	2-25 yrs
Assets Under Capital Lease	105,246	(61,623)	43,623	2-30 yrs
Leasehold Improvements	1,338,886	(714,246)	624,640	2-20 yrs
Internal Use Software	773,237	(287,106)	486,131	3-10 yrs
Internal Use Software in Development	762,637	-	762,637	N/A
<b>Total</b>	<u>\$ 17,231,687</u>	<u>\$ (7,013,917)</u>	<u>\$ 10,217,770</u>	

  

	Federal	Public	Total
Sources of Capitalized Property, Plant and Equipment Purchases for FY 2011	<u>\$ 229,207</u>	<u>\$ 1,023,422</u>	<u>\$ 1,252,629</u>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 10. Other Assets**

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Intragovernmental		
Advances and Prepayments	\$ 266,561	\$ 115,075
Other Intragovernmental Assets	12	28
Total Intragovernmental	<u>266,573</u>	<u>115,103</u>
Other Assets With the Public	<u>5,585</u>	<u>5,982</u>
Total Other Assets	<u>\$ 272,158</u>	<u>\$ 121,085</u>

Other Intragovernmental Assets include an advance to the United States District Court to initiate the condemnation proceeding for the acquisition of a prison facility in Illinois. It also includes amounts due from Treasury General Fund related to ATF. Other Assets With the Public primarily consist of farm livestock held by the BOP.

**Note 11. Liabilities not Covered by Budgetary Resources**

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Intragovernmental		
Accrued FECA Liabilities	\$ 257,897	\$ 247,813
Other Unfunded Employment Related Liabilities	1,584	2,178
Other	<u>5,315</u>	<u>3,690</u>
Total Intragovernmental	<u>264,796</u>	<u>253,681</u>
With the Public		
Actuarial FECA Liabilities	1,474,278	1,359,360
Accrued Annual and Compensatory Leave Liabilities	830,119	822,891
Environmental and Disposal Liabilities (Note 12)	74,441	72,709
Deferred Revenue	409,396	358,742
Contingent Liabilities (Note 16)	28,551	68,652
Capital Lease Liabilities (Note 13)	16,627	23,941
RECA Liabilities (Note 25)	731,237	535,838
September 11 <sup>th</sup> Victim Compensation Fund (Note 25)	2,766,400	-
Other	<u>99,979</u>	<u>122,152</u>
Total With the Public	<u>6,431,028</u>	<u>3,364,285</u>
Total Liabilities not Covered by Budgetary Resources	<u>6,695,824</u>	<u>3,617,966</u>
Total Liabilities Covered by Budgetary Resources	<u>9,246,161</u>	<u>9,651,511</u>
Total Liabilities	<u>\$ 15,941,985</u>	<u>\$ 13,269,477</u>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 11. Liabilities not Covered by Budgetary Resources (continued)**

Generally, liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. However, some liabilities do not require appropriations and will be liquidated by the assets of the entities holding these liabilities. Such assets include civil and criminal debt collections, seized cash and monetary instruments, and revolving fund operations.

Other Liabilities with the Public consists primarily of future funded energy savings performance contracts and utilities.

**Note 12. Environmental and Disposal Liabilities**

Per SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, and Technical Release No. 2 *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, Technical Release No. 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*, and Technical Release No. 11, *Implementation Guidance on Cleanup Costs Associated with Equipment*, federal agencies are required to recognize liabilities for environmental clean-up costs when the future outflow or sacrifice of resources is probable and reasonably estimable.

**Firing Ranges**

The BOP operates firing ranges on 66 of the sites where its institutions are located. Use of these firing ranges generates waste consisting primarily of lead shot and spent rounds from rifles, shotguns, pistols, and automatic weapons. At operational firing ranges, lead-containing bullets are fired and eventually fall to the ground at or near the range. As of September 30, 2011, BOP management determined their estimated clean-up liability to be \$26,045. In FY 2012, BOP management adjusted the estimated clean-up liability by the current U.S. inflation rate as determined by the U.S. Treasury and as such determined that an estimated firing range clean-up liability of \$26,935, based on an inflation rate of 1.9 percent, should be recorded.

**Asbestos**

BOP conducted a review of 46 institutions that were built prior to 1980; the review provided an estimate of the extent of friable and non-friable Asbestos Containing Materials (ACM) remaining in each of the institutions as of October 30, 2009. As of September 30, 2011, BOP management determined their estimated clean-up liability to be \$36,677. As of September 30, 2012, BOP management adjusted the clean-up liability in the amount of \$610 for the removal of asbestos at 2 locations and by the U.S. inflation rate of 1.9 percent as determined by the U.S. Treasury and as such determined that an estimated asbestos clean-up liability of \$37,287 should be recorded.

The FBI operates facilities in Quantico, Virginia that contain friable and non-friable ACM. The facilities have a useful life of 50 years. The estimated total liability of \$11,613 is based on the square footage of the facilities

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Asbestos (continued)**

that may be contaminated. This value, divided by the useful life and multiplied by the number of years in service, is the estimated cleanup liability. As of September 30, 2012 and 2011, the FBI recognized the estimated cleanup liability of \$10,219 and \$9,987, respectively. The estimated asbestos cleanup liability is increased each quarter by recording future expenses for the asbestos clean-up costs. During FY 2012, future funded expense for asbestos cleanup is \$232. There are no other potentially responsible parties to the environmental liability and there are no unrecognized amounts to disclose as of September 30, 2012.

**Note 13. Leases**

Capital leases include a Federal Transfer Center (25 year lease term) in Oklahoma City, Oklahoma; an airplane hangar (20 year lease term) in Oklahoma City, Oklahoma, which expired in FY 2011 and was not renewed; and other machinery and equipment that expire over future periods.

As of September 30, 2012 and 2011

Capital Leases	<u>2012</u>	<u>2011</u>
Summary of Assets Under Capital Lease		
Land and Buildings	\$ 89,625	\$ 100,352
Machinery and Equipment	3,514	4,894
Accumulated Amortization	<u>(53,503)</u>	<u>(61,623)</u>
Total Assets Under Capital Lease (Note 9)	<u>\$ 39,636</u>	<u>\$ 43,623</u>

Future Capital Lease Payments Due

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2013	\$ 9,073	\$ 608	\$ 9,681
2014	9,073	22	9,095
2015	32	15	47
2016	32	14	46
2017	32	-	32
After 2017	<u>64</u>	<u>-</u>	<u>64</u>
Total Future Capital Lease Payments	<u>\$ 18,306</u>	<u>\$ 659</u>	<u>\$ 18,965</u>
Less: Imputed Interest	(1,679)	(15)	(1,694)
Less: Executory Costs	<u>-</u>	<u>(175)</u>	<u>(175)</u>
FY 2012 Net Capital Lease Liabilities	<u>\$ 16,627</u>	<u>\$ 469</u>	<u>\$ 17,096</u>
FY 2011 Net Capital Lease Liabilities	<u>\$ 23,941</u>	<u>\$ 1,200</u>	<u>\$ 25,141</u>

	<u>2012</u>	<u>2011</u>
Net Capital Lease Liabilities Covered by Budgetary Resources	\$ 469	\$ 1,200
Net Capital Lease Liabilities not Covered by Budgetary Resources	\$ 16,627	\$ 23,941

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 13. Leases (continued)**

The net capital lease liability not covered by budgetary resources primarily represents the capital lease of the Federal Transfer Center for which the Department received Congressional authority to fund with annual appropriations.

Future Noncancelable Operating Lease Payments

<u>Fiscal Year</u>	<u>Land and Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
2013	\$ 233,863	\$ 9,640	\$ 243,503
2014	252,603	4,482	257,085
2015	266,289	4,461	270,750
2016	270,881	78	270,959
2017	266,291	78	266,369
After 2017	<u>2,608,046</u>	<u>30</u>	<u>2,608,076</u>
Total Future Noncancelable Operating Lease Payments	<u>\$ 3,897,973</u>	<u>\$ 18,769</u>	<u>\$ 3,916,742</u>

**Note 14. Seized Cash and Monetary Instruments**

The Seized Cash and Monetary Instruments represent liabilities for seized assets held by the Department pending disposition.

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Investments, Net	\$ 1,430,357	\$ 3,903,069
Seized Cash Deposited	82,166	87,243
Seized Monetary Instruments	<u>74,644</u>	<u>73,426</u>
Total Seized Cash and Monetary Instruments	<u>\$ 1,587,167</u>	<u>\$ 4,063,738</u>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 15. Other Liabilities**

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 205,477	\$ 197,871
Other Post-Employment Benefits Due and Payable	23	25
Other Unfunded Employment Related Liabilities	1,584	2,178
Advances from Others	152,447	169,108
Liability for Clearing Accounts	2,550	1,067
Other Liabilities	<u>6,632</u>	<u>7,202</u>
Total Intragovernmental	<u>368,713</u>	<u>377,451</u>
With the Public		
Other Accrued Liabilities	5,945	5,645
Advances from Others	11,020	6,992
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	61,803	60,688
Liability for Clearing Accounts	482	405
Custodial Liabilities	209,775	152,987
Other Liabilities	<u>166,632</u>	<u>189,259</u>
Total With the Public	<u>455,657</u>	<u>415,976</u>
Total Other Liabilities	<u>\$ 824,370</u>	<u>\$ 793,427</u>

The majority of Intragovernmental Other Liabilities are composed of tenant allowances for operating leases, monies received from prisoner funds, and certain receipts of cash that are in suspense, clearing, deposit, or general fund accounts that are owed to the Treasury.

Other Liabilities with the Public consists of project-generated proceeds from undercover operations. The proceeds not subject to forfeiture will be returned to the Department of Treasury General Fund at the conclusion of the project. In addition, Other Liabilities with the Public are composed of future funded energy savings performance contracts and utilities.

The majority of Liabilities are current with the exception of a portion that consists of capital leases and those liabilities related to future employee related expenses, such as accrued retirement contributions, life insurance, and retiree health benefits.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 16. Contingencies and Commitments**

	<u>Accrued Liabilities</u>	<u>Estimated Range of Loss</u>	
		<u>Lower</u>	<u>Upper</u>
As of September 30, 2012			
Probable	\$ 28,671	\$ 25,871	\$ 41,366
Reasonably Possible		52,860	76,131
As of September 30, 2011			
Probable	\$ 68,652	\$ 68,652	\$ 190,144
Reasonably Possible		86,576	135,569

Additionally, FPI has entered into firm purchase commitments for solar panel material totaling \$5,012 which is to be delivered in FY 2015.

These notes are an integral part of the financial statements.

**FY 2012 U. S. Department of Justice Annual Financial Statements**

**Notes to the Financial Statements  
(Dollars in Thousands, Except as Noted)**

**Note 17. Earmarked Funds**

Earmarked funds are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from the Government's general revenues. See SFFAS 27, *Identifying and Reporting Earmarked Funds*, for the required criteria for an earmarked fund.

As of September 30, 2012

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
<b>Balance Sheet</b>							
<b>Assets</b>							
Fund Balance with U. S. Treasury	\$ 78,375	\$ 17,623	\$ 37,506	\$ 9,359,797	\$ 107,051	\$ 86,948	\$ 9,687,300
Investments, Net	4,200,767	224,210	-	-	-	-	4,424,977
Other Assets	154,634	52,124	1,587	13,666	42,699	27,298	292,008
<b>Total Assets</b>	<b>\$ 4,433,776</b>	<b>\$ 293,957</b>	<b>\$ 39,093</b>	<b>\$ 9,373,463</b>	<b>\$ 149,750</b>	<b>\$ 114,246</b>	<b>\$ 14,404,285</b>
<b>Liabilities</b>							
Accounts Payable	\$ 2,667,843	\$ 9,020	\$ 5,871	\$ 19,031	\$ 7,543	\$ 14,775	\$ 2,724,083
Other Liabilities	145,546	21,648	14,830	81,323	428,094	13,259	704,700
<b>Total Liabilities</b>	<b>\$ 2,813,389</b>	<b>\$ 30,668</b>	<b>\$ 20,701</b>	<b>\$ 100,354</b>	<b>\$ 435,637</b>	<b>\$ 28,034</b>	<b>\$ 3,428,783</b>
<b>Net Position</b>							
Unexpended Appropriations	\$ -	\$ -	\$ 25,963	\$ -	\$ -	\$ -	\$ 25,963
Cumulative Results of Operations	1,620,387	263,289	(7,571)	9,273,109	(285,887)	86,212	10,949,539
<b>Total Net Position</b>	<b>\$ 1,620,387</b>	<b>\$ 263,289</b>	<b>\$ 18,392</b>	<b>\$ 9,273,109</b>	<b>\$ (285,887)</b>	<b>\$ 86,212</b>	<b>\$ 10,975,502</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,433,776</b>	<b>\$ 293,957</b>	<b>\$ 39,093</b>	<b>\$ 9,373,463</b>	<b>\$ 149,750</b>	<b>\$ 114,246</b>	<b>\$ 14,404,285</b>

For the Fiscal Year Ended September 30, 2012

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
<b>Statement of Net Cost</b>							
Gross Cost of Operations	\$ 4,319,407	\$ 227,203	\$ 156,773	\$ 724,712	\$ 307,498	\$ 361,981	\$ 6,097,574
Less: Earned Revenues	10,585	226,566	87,461	-	244,354	360,290	929,256
<b>Net Cost of Operations</b>	<b>\$ 4,308,822</b>	<b>\$ 637</b>	<b>\$ 69,312</b>	<b>\$ 724,712</b>	<b>\$ 63,144</b>	<b>\$ 1,691</b>	<b>\$ 5,168,318</b>
<b>Statement of Changes in Net Position</b>							
Net Position Beginning of Period	\$ 1,760,544	\$ 259,137	\$ 15,219	\$ 7,202,248	\$ (232,162)	\$ 83,557	9,088,543
Budgetary Financing Sources	4,197,792	4,085	72,044	2,795,573	-	-	7,069,494
Other Financing Sources	(29,127)	704	441	-	9,419	4,346	(14,217)
<b>Total Financing Sources</b>	<b>\$ 4,168,665</b>	<b>\$ 4,789</b>	<b>\$ 72,485</b>	<b>\$ 2,795,573</b>	<b>\$ 9,419</b>	<b>\$ 4,346</b>	<b>\$ 7,055,277</b>
Net Cost of Operations	\$ (4,308,822)	\$ (637)	\$ (69,312)	\$ (724,712)	\$ (63,144)	\$ (1,691)	\$ (5,168,318)
<b>Net Change</b>	<b>(140,157)</b>	<b>4,152</b>	<b>3,173</b>	<b>2,070,861</b>	<b>(53,725)</b>	<b>2,655</b>	<b>1,886,959</b>
<b>Net Position End of Period</b>	<b>\$ 1,620,387</b>	<b>\$ 263,289</b>	<b>\$ 18,392</b>	<b>\$ 9,273,109</b>	<b>\$ (285,887)</b>	<b>\$ 86,212</b>	<b>\$ 10,975,502</b>

These notes are an integral part of the financial statements.

*FY 2012 U. S. Department of Justice Annual Financial Statements*

**Notes to the Financial Statements  
(Dollars in Thousands, Except as Noted)**

**Note 17. Earmarked Funds (continued)**

As of September 30, 2011

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
<b>Balance Sheet</b>							
<b>Assets</b>							
Fund Balance with U. S. Treasury	\$ 229,030	\$ 14,532	\$ 33,106	\$ 7,260,185	\$ 104,565	\$ 80,240	\$ 7,721,658
Investments, Net	2,443,702	216,029	-	-	-	-	2,659,731
Other Assets	180,020	58,406	3,152	275	46,184	27,572	315,609
<b>Total Assets</b>	<b>\$ 2,852,752</b>	<b>\$ 288,967</b>	<b>\$ 36,258</b>	<b>\$ 7,260,460</b>	<b>\$ 150,749</b>	<b>\$ 107,812</b>	<b>\$ 10,696,998</b>
<b>Liabilities</b>							
Accounts Payable	\$ 918,358	\$ 8,236	\$ 5,949	\$ 9,664	\$ 6,923	\$ 11,131	\$ 960,261
Other Liabilities	173,850	21,594	15,090	48,548	375,988	13,124	648,194
<b>Total Liabilities</b>	<b>\$ 1,092,208</b>	<b>\$ 29,830</b>	<b>\$ 21,039</b>	<b>\$ 58,212</b>	<b>\$ 382,911</b>	<b>\$ 24,255</b>	<b>\$ 1,608,455</b>
<b>Net Position</b>							
Unexpended Appropriations	\$ -	\$ -	\$ 21,727	\$ -	\$ -	\$ -	\$ 21,727
Cumulative Results of Operations	1,760,544	259,137	(6,508)	7,202,248	(232,162)	83,557	9,066,816
<b>Total Net Position</b>	<b>\$ 1,760,544</b>	<b>\$ 259,137</b>	<b>\$ 15,219</b>	<b>\$ 7,202,248</b>	<b>\$ (232,162)</b>	<b>\$ 83,557</b>	<b>\$ 9,088,543</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 2,852,752</b>	<b>\$ 288,967</b>	<b>\$ 36,258</b>	<b>\$ 7,260,460</b>	<b>\$ 150,749</b>	<b>\$ 107,812</b>	<b>\$ 10,696,998</b>

For the Fiscal Year Ended September 30, 2011

	Assets Forfeiture Fund	U.S. Trustee System Fund	Antitrust Division	Crime Victims Fund	Diversion Control Fee Account	Federal Prison Commissary Fund	Total Earmarked Funds
<b>Statement of Net Cost</b>							
Gross Cost of Operations	\$ 1,673,412	\$ 234,356	\$ 162,760	\$ 662,569	\$ 277,514	\$ 332,106	\$ 3,342,717
Less: Earned Revenues	9,513	314,921	91,636	-	195,235	341,176	952,481
<b>Net Cost of Operations</b>	<b>\$ 1,663,899</b>	<b>\$ (80,565)</b>	<b>\$ 71,124</b>	<b>\$ 662,569</b>	<b>\$ 82,279</b>	<b>\$ (9,070)</b>	<b>\$ 2,390,236</b>
<b>Statement of Changes in Net Position</b>							
Net Position Beginning of Period	\$ 1,687,400	\$ 176,675	\$ 14,385	\$ 5,866,596	\$ (159,279)	\$ 69,853	\$ 7,655,630
Budgetary Financing Sources	1,585,180	1,070	71,420	1,998,221	-	-	3,655,891
Other Financing Sources	151,863	827	538	-	9,396	4,634	167,258
<b>Total Financing Sources</b>	<b>1,737,043</b>	<b>1,897</b>	<b>71,958</b>	<b>1,998,221</b>	<b>9,396</b>	<b>4,634</b>	<b>3,823,149</b>
Net Cost of Operations	(1,663,899)	80,565	(71,124)	(662,569)	(82,279)	9,070	(2,390,236)
<b>Net Change</b>	<b>73,144</b>	<b>82,462</b>	<b>834</b>	<b>1,335,652</b>	<b>(72,883)</b>	<b>13,704</b>	<b>1,432,913</b>
<b>Net Position End of Period</b>	<b>\$ 1,760,544</b>	<b>\$ 259,137</b>	<b>\$ 15,219</b>	<b>\$ 7,202,248</b>	<b>\$ (232,162)</b>	<b>\$ 83,557</b>	<b>\$ 9,088,543</b>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 17. Earmarked Funds (continued)**

The Comprehensive Crime Control Act of 1984 established the AFF to receive the proceeds of forfeiture and to pay the costs associated with such forfeitures, including the costs of managing and disposing of property, satisfying valid liens, mortgages, and other innocent owner claims, and costs associated with accomplishing the legal forfeiture of the property. Authorities of the fund have been amended by various public laws enacted since 1984. Under current law, authority to use the fund for certain investigative expenses shall be specified in annual appropriation acts. Expenses necessary to seize, detain, inventory, safeguard, maintain, advertise or sell property under seizure are funded through a permanent, indefinite appropriation. In addition, beginning in FY 1993, other general expenses of managing and operating the Asset Forfeiture Program are paid from the permanent, indefinite portion of the fund. Once all expenses are covered, the balance is maintained to meet ongoing expenses of the program. Excess unobligated balances may also be allocated by the Attorney General in accordance with 28 U.S.C. §524(c)(8)(E).

United States Trustees (UST) supervise the administration of bankruptcy cases and private trustees in the Federal Bankruptcy Courts. The Bankruptcy Judges, UST, and Family Farmer Bankruptcy Act of 1986 (Public Law 99-554) expanded the pilot trustee program to a 21 region, nationwide program encompassing 88 judicial districts. The UST System Fund collects user fees assessed against debtors, which offset the annual appropriation.

The Antitrust Division administers and enforces antitrust and related statutes. This program primarily involves the investigation of suspected violations of the antitrust laws, the conduct of civil and criminal proceedings in the federal courts, and the maintenance of competitive conditions. The Antitrust Division collects filing fees for pre-merger notifications and retains these fees for expenditure in support of its programs.

The Crime Victims Fund is financed by collections of fines, penalty assessments, and bond forfeitures from defendants convicted of federal crimes. This fund supports victim assistance and compensation programs around the country and advocates, through policy development, for the fair treatment of crime victims. The Office for Victims of Crime administers formula and discretionary grants for programs designed to benefit victims, provides training for diverse professionals who work with victims, develops projects to enhance victims' rights and services, and undertakes public education and awareness activities on behalf of crime victims.

The Diversion Control Fee Account is established in the General Fund of the Treasury as a separate account. Fees charged by the DEA under the Diversion Control Program are set at a level that ensures the recovery of the full costs of operating this program. The program's purpose is to prevent, detect, and investigate the diversion of controlled substances from legitimate channels, while ensuring an adequate and uninterrupted supply of controlled substances required to meet legitimate needs.

The Federal Prison Commissary Fund was created in the early 1930s to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds, e.g., personal grooming products, snacks, postage stamps, and telephone services. The Trust Fund is a self-sustaining trust revolving fund account that is funded through sales of goods and services to inmates.

These notes are an integral part of the financial statements.

*FY 2012 U. S. Department of Justice Annual Financial Statements*

**Notes to the Financial Statements  
(Dollars in Thousands, Except as Noted)**

**Note 18. Net Cost of Operations by Suborganization**

For the Fiscal Year Ended September 30, 2012

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost	\$ -	\$ 381,836	\$ 4,794	\$ -	\$ 111,714	\$ 5,341,870	\$ 6,419	\$ -	\$ -	\$ (119,355)	\$ 5,272,278
Less: Earned Revenues	-	116,119	-	-	12,630	460,839	-	-	-	(119,355)	470,233
Net Cost of Operations	-	265,717	4,794	-	99,084	4,881,031	6,419	-	-	-	5,257,045
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost	4,319,407	8,591,116	32,637	998,795	2,837,798	2,964,275	1,278,676	7,242	-	\$ (970,264)	20,059,682
Less: Earned Revenues	10,585	924,300	-	4,839	724,373	340,061	81,369	-	-	(970,264)	1,115,263
Net Cost of Operations	4,308,822	7,666,816	32,637	993,956	2,113,425	2,624,214	1,197,307	7,242	-	-	18,944,419
<b>Goal 3: Ensure and support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels</b>											
Gross Cost	-	2,473,536	3,154,286	2,465,313	-	1,050,783	-	7,499,577	763,098	(1,883,179)	15,523,414
Less: Earned Revenues	-	225,181	1,543,645	22,458	-	485,894	-	410,305	701,286	(1,858,461)	1,530,308
Net Cost of Operations	-	2,248,355	1,610,641	2,442,855	-	564,889	-	7,089,272	61,812	(24,718)	13,993,106
<b>Net Cost of Operations</b>	<b>\$ 4,308,822</b>	<b>\$ 10,180,888</b>	<b>\$ 1,648,072</b>	<b>\$ 3,436,811</b>	<b>\$ 2,212,509</b>	<b>\$ 8,070,134</b>	<b>\$ 1,203,726</b>	<b>\$ 7,096,514</b>	<b>\$ 61,812</b>	<b>\$ (24,718)</b>	<b>\$ 38,194,570</b>

For the Fiscal Year Ended September 30, 2011

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost	\$ -	\$ 378,325	\$ 6,484	\$ -	\$ 106,082	\$ 5,223,334	\$ 5,649	\$ -	\$ -	\$ (93,725)	\$ 5,626,149
Less: Earned Revenues	-	116,209	-	-	693	447,606	-	-	-	(93,725)	470,783
Net Cost of Operations	-	262,116	6,484	-	105,389	4,775,728	5,649	-	-	-	5,155,366
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost	1,673,412	5,858,718	30,396	1,004,443	2,929,005	2,992,410	1,268,049	6,613	-	\$ (1,096,338)	14,666,708
Less: Earned Revenues	9,513	1,002,609	-	7,489	722,217	318,479	91,300	-	-	(1,096,338)	1,055,269
Net Cost of Operations	1,663,899	4,856,109	30,396	996,954	2,206,788	2,673,931	1,176,749	6,613	-	-	13,611,439
<b>Goal 3: Ensure and support the Fair, Impartial, Efficient and Transparent Administration of Justice at the Federal, State, Local, Tribal and International Levels</b>											
Gross Cost	-	2,441,919	3,174,846	2,730,468	-	1,014,392	-	7,213,365	942,915	(1,843,879)	15,674,026
Less: Earned Revenues	-	203,511	1,583,960	35,273	-	511,037	-	385,676	904,683	(1,818,415)	1,805,725
Net Cost of Operations	-	2,238,408	1,590,886	2,695,195	-	503,355	-	6,827,689	38,232	(25,464)	13,868,301
<b>Net Cost of Operations</b>	<b>\$ 1,663,899</b>	<b>\$ 7,356,633</b>	<b>\$ 1,627,766</b>	<b>\$ 3,692,149</b>	<b>\$ 2,312,177</b>	<b>\$ 7,953,014</b>	<b>\$ 1,182,398</b>	<b>\$ 6,834,302</b>	<b>\$ 38,232</b>	<b>\$ (25,464)</b>	<b>\$ 32,635,106</b>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 19. Imputed Financing from Costs Absorbed by Others**

Imputed Inter-Departmental Financing Sources are the unreimbursed (i.e., non-reimbursed and under-reimbursed) portion of the full costs of goods and services received by the Department from a providing entity that is not part of the Department. In accordance with SFFAS No. 30, *Inter-Entity Cost Implementation Amending SFFAS No.4, Managerial Cost Accounting Concepts and Standards*, the material Imputed Inter-Departmental financing sources currently recognized by the Department include the cost of benefits for the Federal Employees Health Benefits Program (FEHB), the Federal Employees' Group Life Insurance Program (FEGLI), and the Federal Pension plans that are paid by other federal entities, and any un-reimbursed payments made from the Treasury Judgment Fund on behalf of the Department. The Treasury Judgment Fund was established by the Congress and funded at 31 U.S.C. §1304 to pay in whole or in part the court judgments and settlement agreements negotiated by the Department on behalf of agencies, as well as certain types of administrative awards. Interpretation of Federal Financial Accounting Standards Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, requires agencies to recognize liabilities and expenses when unfavorable litigation outcomes are probable and the amount can be estimated and will be paid by the Treasury Judgment Fund.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate cost. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees, such that the amount calculated would be sufficient to fund the projected pension benefits. For employees covered by Civil Service Retirement System (CSRS), the cost factors are 29.8% of basic pay for regular, 50.9% law enforcement officers, 23.2% regular offset, and 45.2% law enforcement officers offset. For employees covered by Federal Employees Retirement System (FERS), the cost factors are 13.7% of basic pay for regular and 29.7% for law enforcement officers.

The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other federal entities, must also be disclosed.

For the Fiscal Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Imputed Inter-Departmental Financing		
U.S. Treasury Judgment Fund	\$ 39,181	\$ 71,537
Health Insurance	572,584	594,476
Life Insurance	2,038	2,038
Pension	<u>264,211</u>	<u>330,434</u>
Total Imputed Inter-Departmental	<u>\$ 878,014</u>	<u>\$ 998,485</u>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 19. Imputed Financing from Costs Absorbed by Others (continued)**

Imputed Intra-Departmental Financing Sources as defined in SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, are the unreimbursed portion of the full costs of goods and services received by a Department component from a providing entity that is part of the Department. Recognition is required for those transactions determined to be material to the receiving entity. The determination of whether the cost is material requires considerable judgment based on the specific facts and circumstances of each type of good or service provided. SFFAS No. 4 also states that costs for broad and general support need not be recognized by the receiving entity, unless such services form a vital and integral part of the operations or output of the receiving entity. Costs are considered broad and general if they are provided to many, if not all, reporting components and not specifically related to the receiving entity's output. The FPI imputed \$24,718 and \$25,464 for FYs 2012 and 2011, respectively of unreimbursed costs for BOP warehouse space used in the production of goods by the FPI and for managerial and operational services BOP provided to FPI. These imputed costs have been eliminated from the consolidated financial statements.

**Note 20. Information Related to the Statement of Budgetary Resources**

**Apportionment Categories of Obligations Incurred:**

	Direct Obligations	Reimbursable Obligations	Total Obligations Incurred
For the Fiscal Year Ended September 30, 2012			
Obligations Apportioned Under			
Category A	\$ 28,500,520	\$ 5,919,576	\$ 34,420,096
Category B	5,928,795	204,702	6,133,497
Exempt from Apportionment	-	697,683	697,683
Total	<u>\$ 34,429,315</u>	<u>\$ 6,821,961</u>	<u>\$ 41,251,276</u>
For the Fiscal Year Ended September 30, 2011			
Obligations Apportioned Under			
Category A	\$ 28,235,878	\$ 5,835,181	\$ 34,071,059
Category B	3,604,743	46,787	3,651,530
Exempt from Apportionment	-	824,853	824,853
Total	<u>\$ 31,840,621</u>	<u>\$ 6,706,821</u>	<u>\$ 38,547,442</u>

The apportionment categories are determined in accordance with the guidance provided in Part 4 "Instructions on Budget Execution" of OMB Circular A-11, *Preparation, Submission and Execution of the Budget*. Category A obligations represent resources apportioned for calendar quarters. Category B obligations represent resources apportioned for other time periods; for activities, projects, and objectives or for a combination thereof.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 20. Information Related to the Statement of Budgetary Resources (continued)**

**Status of Undelivered Orders:**

Undelivered Orders (UDO) represent the amount of goods and/or services ordered, which have not been actually or constructively received. This amount includes any orders which may have been prepaid or advanced but for which delivery or performance has not yet occurred.

As of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
UDO Obligations Unpaid	\$ 10,343,834	\$ 11,606,422
UDO Obligations Prepaid/Advanced	<u>1,172,884</u>	<u>1,344,717</u>
Total UDO	<u>\$ 11,516,718</u>	<u>\$ 12,951,139</u>

**Permanent Indefinite Appropriations:**

A permanent indefinite appropriation is open-ended as to both its period of availability (amount of time the agency has to spend the funds) and its amount. Following are the Department's permanent indefinite appropriations.

- 28 U.S.C. §524(c)(4) authorized the Attorney General to retain AFF receipts to pay operations expenses, equitable sharing to state and local law enforcement agencies who assist in forfeiture cases, and lien holders.
  
- On October 5, 1990, Congress passed the Radiation Exposure Compensation Act ("RECA" or "the Act"), 42 U.S.C. §2210, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department of Justice and published in the Federal Register on April 10, 1992. These regulations established procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award. On July 10, 2000, P.L. 106-245, the Radiation Exposure Compensation Act Amendments of 2000 ("the 2000 Amendments") were passed. On November 2, 2002, the President signed the "21st Century Department of Justice Appropriation Authorization Act" (P.L. 107-273). Contained in the law were several provisions relating to RECA. While most of these amendments were "technical" in nature, some affected eligibility criteria and revised claims adjudication procedures. The Consolidated Appropriations Act, 2005 provides a permanent indefinite appropriation for the OBDs' Radiation Exposure Compensation Act program beginning FY 2006.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 20. Information Related to the Statement of Budgetary Resources (continued)**

**Permanent Indefinite Appropriations (continued):**

- Congress established the Federal Prison Commissary Fund (Trust Fund) in 1932 to allow inmates a means to purchase additional products and services above the necessities provided by appropriated federal funds. The BOP Trust Fund is now a self-sustaining revolving account that is funded through the sales of goods and services, rather than annual or no-year appropriations.
- The Public Safety Officers' Benefits Act of 1976 (the "PSOB Act") is generally codified at 42 U.S.C. §46 Subchapter XII.

OJP's PSOB appropriation supports one mandatory and two discretionary programs that provide benefits to public safety officers who are severely injured in the line of duty and to the families and survivors of public safety officers killed or mortally injured in the line of duty.

The PSOB Program offers three types of benefits:

1. Death Benefits, a one-time financial benefit to survivors of public safety officers whose deaths resulted from injuries sustained in the line of duty. Under the Hometown Heroes Survivors Benefit Act of 2003, survivors of public safety officers who die of a heart attack or stroke within 24 hours of stressful, non-routine public safety activities may also qualify for death benefits.
2. Disability Benefits, a one-time financial benefit to public safety officers permanently disabled by catastrophic injuries sustained in the line of duty.
3. Education Benefits, which provide financial support for higher education expenses (such as tuition and fees, books, supplies, and room and board) to the eligible spouses and children of public safety officers killed or permanently disabled in the line of duty.

**Legal Arrangements Affecting Use of Unobligated Balances:**

Unobligated balances represent the cumulative amount of budget authority that is not obligated and that remains available for obligation under law, unless otherwise restricted. The use of unobligated balances is restricted based on annual legislation requirements and other enabling authorities. Funds are appropriated on an annual, multi-year, and no-year basis. Appropriated funds shall expire on the last day of availability and are no longer available for new obligations. Unobligated balances in unexpired fund symbols are available in the next fiscal year for new obligations unless some restrictions had been placed on those funds by law. Amounts in expired fund symbols are unavailable for new obligations, but may be used to adjust previously established obligations.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 20. Information Related to the Statement of Budgetary Resources (continued)**

**Statement of Budgetary Resources vs Budget of the United States Government:**

The reconciliation as of September 30, 2011 is presented below. The reconciliation as of September 30, 2012 is not presented, because the submission of the Budget of the United States (Budget) for FY 2014, which presents the execution of the FY 2012 Budget, occurs after publication of these financial statements. The Department of Justice Budget Appendix can be found on the OMB website (<http://www.whitehouse.gov/omb/budget>) and will be available in early February 2013.

For the Fiscal Year Ended September 30, 2011  
(Dollars in Millions)

	<u>Budgetary Resources</u>	<u>Obligations Incurred</u>	<u>Distributed Offsetting Receipts</u>	<u>Net Outlays</u>
Statement of Budgetary Resources (SBR)	\$ 42,430	\$ 38,547	\$ 1,026	\$ 30,932
Funds not Reported in the Budget				
Expired Funds: OBDs, USMS, DEA, OJP, FBI, ATF & BOP	(662)	(56)	-	-
AFF/SADF Forfeiture Activity	(37)	-	-	-
OCDETF Adjustments	(22)	5	-	-
USMS Court Security Funds	(428)	(418)	-	(407)
Distributed Offsetting Receipts	-	-	(444)	445
Special and Trust Fund Receipts	-	-	-	580
Other	-	(4)	(3)	3
Budget of the United States Government	<u>\$ 41,281</u>	<u>\$ 38,074</u>	<u>\$ 579</u>	<u>\$ 31,553</u>

Other differences represent financial statement adjustments, timing differences and other immaterial differences between amounts reported in the Department SBR and the Budget of the United States Government.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 21. Net Custodial Revenue Activity**

Custodial revenue activity represents those collections of non-exchange revenue on behalf of other recipient entities. These collections are not recorded as revenue by the Department but as activity on the Statement of Custodial Activity. The custodial liabilities presented on the Consolidated Balance Sheet and Note 15 represent funds held by the Department that have yet to be disbursed to the appropriate Federal agency or individual.

The primary source of the Department's Office of Debt Collection Management (DCM) collections consists of civil litigated matters, e.g., student loan defaults, and health care fraud. The DCM also processes certain payments on criminal debts as an accommodation for the BOP and the Clerks of the U.S. District Courts. The BOP aggregates collections of inmate criminal debt by correction facility, and the DCM sorts the collections by judicial district and disburses payments to the respective Clerks of the U.S. Court. The DCM also accepts wire transfers or other payments on a criminal debt if a Clerk of the U.S. Court is unable or unwilling to do so. In addition, other negligible custodial collections occur for interest, fines, and penalties.

The OBDs collect civil fines, penalties, and restitution payments that are incidental to its mission. By court order, the OBDs were given the investment authority and the settlement funds collected must be invested. The OBDs invest these funds with the Treasury, Bureau of the Public Debt. As of September 30, 2012 and 2011, the custodial assets and liabilities recorded by the OBDs on the Consolidated Balance Sheet are \$1,320,292 and \$752,797, respectively. The OBDs custodial collections totaled \$7,035,591 and \$5,260,397 for the fiscal years ended September 30, 2012 and 2011.

For the fiscal years ended September 30, 2012 and 2011, DEA collected \$27,595 and \$97,268, respectively. DEA's collections include \$15 million of the total fees collected for the Diversion Control Program and civil monetary penalties related to violations of the Controlled Substances Act that were incidental to DEA's mission. Since DEA has no statutory authority to use these excess funds, DEA transmits them to the Treasury General Fund. The DEA has a custodial liability for funds that have not yet been transmitted to the Treasury General Fund. As of September 30, 2012 and 2011 balances for custodial liabilities were \$3,781 and \$5,199, respectively.

As an agent of the federal government and as authorized by 26 U.S.C. § 6301, ATF collects fees from firearms and explosives industries, as well as import, permit and license fees. Special Occupational Taxes are collected from certain firearms businesses. Miscellaneous collections include project-generated proceeds. As ATF is unable to use these collections in its operations, ATF also has the authority to transfer these collections to the Treasury General Fund. The ATF custodial collections totaled \$24,675 and \$21,444 for the fiscal years ended September 30, 2012 and 2011, respectively.

The FBI collected \$10,736 and \$902, in September 30, 2012 and 2011, respectively, in restitution payments, seized abandoned cash, and project generated proceeds. These collections were incidental to the FBI's mission. Since the FBI does not have statutory authority to use these funds, the FBI remits these funds upon receipt to the U.S. Treasury's General Fund. The FBI reports a custodial liability when custodial revenues are held by the FBI, but have not yet been transmitted to the U.S. Treasury's General Fund. As of September 30, 2012 and 2011, the FBI did not have any custodial liabilities.

These notes are an integral part of the financial statements.

*FY 2012 U. S. Department of Justice Annual Financial Statements*

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 22. OMB Circular A-136 Consolidated Balance Sheet Presentation**

**U.S. Department of Justice**  
**Consolidated Balance Sheets**  
**As of September 30, 2012 and 2011**

<b>Dollars in Thousands</b>	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Intragovernmental		
Fund Balance with U.S. Treasury	\$ 24,745,298	\$ 23,354,452
Investments, Net	6,213,903	6,919,799
Accounts Receivable, Net	324,327	380,431
Other Assets	<u>266,573</u>	<u>115,103</u>
Total Intragovernmental	<u>31,550,101</u>	<u>30,769,785</u>
Cash and Other Monetary Assets	260,682	250,253
Accounts Receivable, Net	115,612	125,898
Inventory and Related Property, Net	166,609	170,889
General Property, Plant and Equipment, Net	10,186,144	10,217,770
Other Assets	<u>911,566</u>	<u>1,258,495</u>
<b>Total Assets</b>	<b><u>\$ 43,190,714</u></b>	<b><u>\$ 42,793,090</u></b>
<b>LIABILITIES</b>		
Intragovernmental		
Accounts Payable	\$ 302,575	\$ 366,027
Other Liabilities	<u>1,743,663</u>	<u>1,233,085</u>
Total Intragovernmental	<u>2,046,238</u>	<u>1,599,112</u>
Accounts Payable	4,108,056	2,504,820
Federal Employee and Veteran Benefits	1,474,278	1,359,360
Environmental and Disposal Liabilities	74,441	72,709
Other Liabilities	<u>8,238,972</u>	<u>7,733,476</u>
<b>Total Liabilities</b>	<b><u>\$ 15,941,985</u></b>	<b><u>\$ 13,269,477</u></b>
<b>NET POSITION</b>		
Unexpended Appropriations - Earmarked Funds	\$ 25,963	\$ 21,727
Unexpended Appropriations - All Other Funds	10,568,815	11,952,581
Cumulative Results of Operations - Earmarked Funds	10,949,539	9,066,816
Cumulative Results of Operations - All Other Funds	<u>5,704,412</u>	<u>8,482,489</u>
<b>Total Net Position</b>	<b><u>\$ 27,248,729</u></b>	<b><u>\$ 29,523,613</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 43,190,714</u></b>	<b><u>\$ 42,793,090</u></b>

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)**

For the Fiscal Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	\$ 41,251,276	\$ 38,547,442
Less: Spending Authority from Offsetting Collections and Recoveries	<u>8,071,018</u>	<u>7,709,445</u>
Obligations Net of Offsetting Collections and Recoveries	33,180,258	30,837,997
Less: Offsetting Receipts	<u>1,425,127</u>	<u>1,025,644</u>
Net Obligations	31,755,131	29,812,353
Other Resources		
Donations and Forfeitures of Property	120,275	157,607
Transfers-In/Out Without Reimbursement	(12,623)	44,556
Imputed Financing from Costs Absorbed by Others (Note 19)	878,014	998,485
Other	<u>(5,199)</u>	<u>(4,613)</u>
Net Other Resources Used to Finance Activities	<u>980,467</u>	<u>1,196,035</u>
Total Resources Used to Finance Activities	<u>32,735,598</u>	<u>31,008,388</u>
Resources Used to Finance Items not Part of the Net Cost of Operations		
Net Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not Yet Provided	1,565,963	1,608,057
Resources That Fund Expenses Recognized in Prior Periods (Note 24)	(68,557)	(45,816)
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations	700,546	294,218
Resources That Finance the Acquisition of Assets	(1,069,993)	(1,184,420)
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	<u>24,810</u>	<u>14,296</u>
Total Resources Used to Finance Items not Part of the Net Cost of Operations	<u>1,152,769</u>	<u>686,335</u>
Total Resources Used to Finance the Net Cost of Operations	\$ 33,888,367	\$ 31,694,723

These notes are an integral part of the financial statements.

*FY 2012 U. S. Department of Justice Annual Financial Statements*

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

**Note 23. Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing) (continued)**

For the Fiscal Years Ended September 30, 2012 and 2011	2012	2011
Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period		
Components That will Require or Generate Resources in Future Periods (Note 24)	\$ 3,174,134	\$ 129,497
Depreciation and Amortization	1,059,391	826,899
Revaluation of Assets or Liabilities	35,468	23,586
Other	37,210	(39,599)
Total Components of Net Cost of Operations That will not Require or Generate Resources	1,132,069	810,886
Total Components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	4,306,203	940,383
Net Cost of Operations	\$ 38,194,570	\$ 32,635,106

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 24. Explanation of Differences Between Liabilities not Covered by Budgetary Resources and Components of Net Cost of Operations Requiring or Generating Resources in Future Periods**

Liabilities that are not covered by realized budgetary resources and for which there is not certainty that budgetary authority will be realized, such as the enactment of an appropriation, are considered liabilities not covered by budgetary resources. These liabilities totaling \$6,695,824 and \$3,617,966 on September 30, 2012 and 2011, respectively, are discussed in Note 11, *Liabilities not Covered by Budgetary Resources*. Decreases in these liabilities result from current year budgetary resources that were used to fund expenses recognized in prior periods. Increases in these liabilities represent unfunded expenses that were recognized in the current period. These increases along with the change in the portion of exchange revenue receivables from the public, which are not considered budgetary resources until collected, represent components of current period net cost of operations that will require or generate budgetary resources in future periods. The changes in liabilities not covered by budgetary resources and receivables generating resources in future periods are comprised of the following:

For the Fiscal Years Ended September 30, 2012 and 2011

	2012	2011
Resources that Fund Expenses Recognized in Prior Periods		
Decrease in Contingent Liabilities	\$ (40,101)	\$ (33,108)
Decrease in Unfunded Capital Lease Liabilities	(7,314)	(6,762)
Decrease in RECA Liabilities	-	(5,946)
Decrease in Other Unfunded Employment Related Liabilities	(594)	-
Decrease in Other Liabilities	(20,548)	-
Total Other	(68,557)	(45,816)
Total Resources that Fund Expenses Recognized in Prior Periods	\$ (68,557)	\$ (45,816)
Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods		
Increase in Accrued Annual and Compensatory Leave Liabilities	\$ 7,228	\$ 5,921
Increase in Environmental and Disposal Liabilities	1,732	1,052
(Increase)/Decrease in Exchange Revenue Receivable from the Public	21,078	(51,628)
Other		
Increase in Actuarial FECA Liabilities	114,918	45,255
Increase in Accrued FECA Liabilities	10,084	6,689
Increase in Deferred Revenue	50,654	47,578
Increase in RECA Liabilities	195,399	-
Increase in September 11 <sup>th</sup> Victim Compensation Fund Liabilities	2,766,400	-
Increase in Other Unfunded Employee Related Liabilities	-	420
Increase in Other Liabilities	-	78,484
(Increase)/Decrease in Nonexchange Receivables from the Public	(96)	(94)
(Increase)/Decrease in Surcharge Revenue Receivable from Other Federal Agencies	6,737	(4,180)
Total Other	3,144,096	174,152
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	\$ 3,174,134	\$ 129,497

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
**(Dollars in Thousands, Except as Noted)**

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**Note 25. Compensation Funds**

**Radiation Exposure Compensation Act**

On October 15, 1990, Congress passed the Radiation Exposure Compensation Act (RECA), 42 U.S.C. § 2210, providing for compassionate payments to individuals who contracted certain cancers and other serious diseases as a result of their exposure to radiation released during above-ground nuclear weapons tests or as a result of their exposure to radiation during employment in underground uranium mines. Implementing regulations were issued by the Department and published in the Federal Register on April 10, 1992, establishing procedures to resolve claims in a reliable, objective, and non-adversarial manner, with little administrative cost to the United States or to the person filing the claim. Revisions to the regulations, published in the Federal Register on March 22, 1999, served to greater assist claimants in establishing entitlement to an award.

On July 10, 2000, the Radiation Exposure Compensation Act Amendments of 2000, P.L. 106-245, was enacted. Some of the widespread changes include new claimant populations, additional compensable diseases, lower radiation exposure thresholds, modified medical documentation requirements, and removal of certain disease restrictions. Pursuant to the 2000 Amendments, the Department was directed to issue implementing regulations. The Department published two related rulemakings in the Federal Register to implement the legislation.

Subsequent action by Congress required modification to those rulemakings. Therefore, the Department published a “final” rule in the Federal Register on March 23, 2004, which went into effect on April 22, 2004.

There are now five categories of claimants: uranium miners, uranium millers, ore transporters, downwinders, and on-site participants. Each category requires similar eligibility criteria: if claimants can demonstrate that they contracted a compensable disease after working or residing in a designated location for a specified period of time, they qualify for compensation.

The enactment of two pieces of legislation changed the funding sources for RECA claimants. The National Defense Authorization Act for FY 2005 requires that RECA Section 5 claimants (uranium miners, millers, and ore transporters) be paid out of the Department of Labor’s (Labor) Energy Employees Occupational Illness Compensation Fund. The RECA Section 5 liability of \$316,993 as of March 30, 2004, was transferred to Labor during FY 2005. The RECA Fund began exclusively paying RECA Section 4 claimants (downwinders and on-site participants) in FY 2005. The Consolidated Appropriations Act, 2005, contains language that made funding for the RECA Trust Fund mandatory and indefinite beginning in FY 2006.

The OBDs recognized liabilities of \$731,237 and \$535,838 for estimated future benefits payable by the Department as of September 30, 2012 and 2011, respectively, to eligible individuals under the Act through FY 2023. The estimated liability is based on activity between FYs 2007 - 2012. Key factors in determining future liability are trends in the number of claims filed, trends in the percentage of claims adjudicated, and trends in the percentage of claims approved. These estimates are then discounted in accordance with the discount rates set by the Office of Management and Budget.

These notes are an integral part of the financial statements.

**Notes to the Financial Statements**  
(Dollars in Thousands, Except as Noted)

**Note 25. Compensation Funds (continued)**

**September 11<sup>th</sup> Victim Compensation Fund**

Title II of The *James Zadroga 9/11 Health and Compensation Act of 2010 (Zadroga Act)* P.L. 111-347, reactivates the September 11<sup>th</sup> Victim Compensation Fund of 2001 and requires a Special Master, appointed by the Attorney General, to provide compensation to any individual (or a personal representative of a deceased individual) who suffered physical harm or was killed as a result of the terrorist-related aircraft crashes of September 11, 2001, or the debris removal efforts that took place in the immediate aftermath of those crashes. The Zadroga Act amends the Air Transportation Safety and System Stabilization Act by among other things: Expanding the geographic zone recognized as a 9/11 crash site and providing greater consistency with the World Trade Center Health Program by adding additional forms of proof that may be used to establish eligibility.

The Zadroga Act requires that the total amount of Federal funds paid for including compensation with respect to claims filed on or after October 3, 2011, will not exceed \$2,775,000. Furthermore, the total amount of Federal funds expended during the period from October 3, 2011, through October 3, 2016, may not exceed \$875,000. For fiscal year 2012, the Department of Justice received an appropriation of \$200,000. Summarized financial information about appropriated funds received, donations received from the public, benefit payments disbursed and payable, and the Fund balance is presented below:

**As of September 30, 2012**

	2012
Appropriated Funds Received	\$ 200,000
Less: Salaries and Expenses Disbursements	6,212
Total Disbursements	6,212
Total Fund Balance with Treasury	\$ 193,788
Total Federal Funds available for September 11 <sup>th</sup> Victim Compensation Fund	\$2,775,000
Less: Accounts Payable for Salaries and Expenses	2,388
Total Funded Liabilities	2,388
Total Disbursements	6,212
Total Funded Activities	8,600
Unfunded Liability for September 11 <sup>th</sup> Victim Compensation Fund	\$2,766,400

These notes are an integral part of the financial statements.

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## **Consolidating and Combining Financial Statements**

See Independent Auditors' Report on Financial Statements

**U. S. Department of Justice  
Consolidating Balance Sheet  
As of September 30, 2012**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>ASSETS</b>											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 78,375	\$ 5,702,037	\$ 488,186	\$ 12,614,717	\$ 694,616	\$ 3,601,365	\$ 232,563	\$ 1,305,195	\$ 28,244	\$ -	\$ 24,745,298
Investments, Net	5,631,124	310,479	-	-	-	-	-	-	272,300	-	6,213,903
Accounts Receivable, Net	6,035	322,530	145,641	6,642	51,930	143,146	37,105	3,653	21,578	(413,933)	324,327
Other Assets	2,339	79,029	7,093	47,203	32,442	30,187	1,514	165,000	-	(98,234)	266,573
<b>Total Intragovernmental</b>	<b>5,717,873</b>	<b>6,414,075</b>	<b>640,920</b>	<b>12,668,562</b>	<b>778,988</b>	<b>3,774,698</b>	<b>271,182</b>	<b>1,473,848</b>	<b>322,122</b>	<b>(512,167)</b>	<b>31,550,101</b>
Cash and Monetary Assets	106,166	46	-	-	15,337	67,135	71,196	802	-	-	260,682
Accounts Receivable, Net	-	66,493	29	4,348	5,397	27,069	352	7,361	4,563	-	115,612
Inventory and Related Property, Net	-	106	2,742	-	7,588	7,310	-	19,609	129,254	-	166,609
Forfeited Property, Net	145,111	-	-	-	-	-	-	-	-	-	145,111
General Property, Plant and Equipment, Net	1,150	133,777	265,904	11,006	381,780	2,811,251	206,737	6,286,908	87,631	-	10,186,144
Advances and Prepayments	-	1,132	47	693,159	12,030	48,789	963	4,622	128	-	760,870
Other Assets	-	-	184	-	-	-	-	4,701	700	-	5,585
<b>Total Assets</b>	<b>\$ 5,970,300</b>	<b>\$ 6,615,629</b>	<b>\$ 909,826</b>	<b>\$ 13,377,075</b>	<b>\$ 1,201,120</b>	<b>\$ 6,736,252</b>	<b>\$ 550,430</b>	<b>\$ 7,797,851</b>	<b>\$ 544,398</b>	<b>\$ (512,167)</b>	<b>\$ 43,190,714</b>
<b>LIABILITIES</b>											
Intragovernmental											
Accounts Payable	\$ 71,352	\$ 310,984	\$ 25,874	\$ 22,536	\$ 35,216	\$ 183,590	\$ 13,996	\$ 47,558	\$ 3,538	\$ (412,069)	\$ 302,575
Accrued FECA Liabilities	-	9,860	16,753	69	27,152	31,101	20,852	152,884	1,981	-	260,652
Custodial Liabilities	-	1,110,517	-	-	3,781	-	-	-	-	-	1,114,298
Other Liabilities	39	51,451	12,439	107,620	20,095	99,996	10,450	69,148	97,573	(100,098)	368,713
<b>Total Intragovernmental</b>	<b>71,391</b>	<b>1,482,812</b>	<b>55,066</b>	<b>130,225</b>	<b>86,244</b>	<b>314,687</b>	<b>45,298</b>	<b>269,590</b>	<b>103,092</b>	<b>(512,167)</b>	<b>2,046,238</b>
Accounts Payable	2,596,491	306,823	244,011	33,317	85,690	462,174	42,947	291,709	44,894	-	4,108,056
Accrued Grant Liabilities	-	167,668	-	436,451	-	-	-	-	-	-	604,119
Actuarial FECA Liabilities	-	56,121	93,617	442	158,435	176,422	116,959	853,362	18,920	-	1,474,278
Accrued Payroll and Benefits	151	135,398	36,317	7,910	64,151	213,448	33,917	155,218	7,399	-	653,909
Accrued Annual and Compensatory Leave Liabilities	246	181,786	43,258	6,011	98,986	277,074	51,019	171,739	8,133	-	838,252
Environmental and Disposal Liabilities	-	-	-	-	-	10,219	-	64,222	-	-	74,441
Deferred Revenue	145,111	-	-	-	409,396	-	-	1,957	-	-	556,464
Seized Cash and Monetary Instruments	1,536,523	-	-	-	450	45,262	4,932	-	-	-	1,587,167
Contingent Liabilities	-	3,565	-	-	8,968	11,788	-	4,230	120	-	28,671
Capital Lease Liabilities	-	-	-	9	-	-	394	16,627	66	-	17,096
Radiation Exposure Compensation Act Liabilities	-	731,237	-	-	-	-	-	-	-	-	731,237
9/11 Victim Compensation Fund	-	2,766,400	-	-	-	-	-	-	-	-	2,766,400
Other Liabilities	-	209,775	8,532	-	10,555	6,342	61,073	159,380	-	-	455,657
<b>Total Liabilities</b>	<b>\$ 4,349,913</b>	<b>\$ 6,041,585</b>	<b>\$ 480,801</b>	<b>\$ 614,365</b>	<b>\$ 922,875</b>	<b>\$ 1,517,416</b>	<b>\$ 356,539</b>	<b>\$ 1,988,034</b>	<b>\$ 182,624</b>	<b>\$ (512,167)</b>	<b>\$ 15,941,985</b>
<b>NET POSITION</b>											
Unexpended Appropriations - Earmarked Funds	\$ -	\$ 25,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,963
Unexpended Appropriations - All Other Funds	-	3,355,787	259,570	3,478,217	499,366	2,151,355	175,104	649,416	-	-	10,568,815
Cumulative Results of Operations - Earmarked Funds	1,620,387	255,718	-	9,273,109	(285,887)	-	-	86,212	-	-	10,949,539
Cumulative Results of Operations - All Other Funds	-	(3,063,424)	169,455	11,384	64,766	3,067,481	18,787	5,074,189	361,774	-	5,704,412
<b>Total Net Position</b>	<b>\$ 1,620,387</b>	<b>\$ 574,044</b>	<b>\$ 429,025</b>	<b>\$ 12,762,710</b>	<b>\$ 278,245</b>	<b>\$ 5,218,836</b>	<b>\$ 193,891</b>	<b>\$ 5,809,817</b>	<b>\$ 361,774</b>	<b>\$ -</b>	<b>\$ 27,248,729</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 5,970,300</b>	<b>\$ 6,615,629</b>	<b>\$ 909,826</b>	<b>\$ 13,377,075</b>	<b>\$ 1,201,120</b>	<b>\$ 6,736,252</b>	<b>\$ 550,430</b>	<b>\$ 7,797,851</b>	<b>\$ 544,398</b>	<b>\$ (512,167)</b>	<b>\$ 43,190,714</b>

**U. S. Department of Justice  
Consolidating Balance Sheet  
As of September 30, 2011**

	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>ASSETS</b>											
Intragovernmental											
Fund Balance with U.S. Treasury	\$ 229,030	\$ 5,223,163	\$ 562,246	\$ 11,287,838	\$ 702,470	\$ 3,618,458	\$ 241,768	\$ 1,468,669	\$ 20,810	\$ -	\$ 23,354,452
Investments, Net	6,346,771	302,328	-	-	-	-	-	-	270,700	-	6,919,799
Accounts Receivable, Net	4,869	350,778	168,560	6,970	43,655	181,271	27,803	3,347	34,360	(441,182)	380,431
Other Assets	1,766	95,294	15,506	78,034	47,061	27,867	7,643	-	-	(158,068)	115,103
Total Intragovernmental	6,582,436	5,971,563	746,312	11,372,842	793,186	3,827,596	277,214	1,472,016	325,870	(599,250)	30,769,785
Cash and Monetary Assets	113,822	46	-	-	16,575	50,843	68,184	783	-	-	250,253
Accounts Receivable, Net	-	59,086	35	6,056	5,998	32,369	256	9,778	12,320	-	125,898
Inventory and Related Property, Net	-	106	3,060	-	7,506	8,103	-	18,180	133,934	-	170,889
Forfeited Property, Net	172,746	-	-	-	-	-	-	-	-	-	172,746
General Property, Plant and Equipment, Net	633	280,102	264,246	12,526	401,220	2,558,525	210,262	6,387,481	102,775	-	10,217,770
Advances and Prepayments	6	1,978	-	1,009,997	14,700	47,144	786	3,899	1,257	-	1,079,767
Other Assets	-	-	184	-	-	-	-	4,473	1,325	-	5,982
<b>Total Assets</b>	<b>\$ 6,869,643</b>	<b>\$ 6,312,881</b>	<b>\$ 1,013,837</b>	<b>\$ 12,401,421</b>	<b>\$ 1,239,185</b>	<b>\$ 6,524,580</b>	<b>\$ 556,702</b>	<b>\$ 7,896,610</b>	<b>\$ 577,481</b>	<b>\$ (599,250)</b>	<b>\$ 42,793,090</b>
<b>LIABILITIES</b>											
Intragovernmental											
Accounts Payable	\$ 67,345	\$ 317,501	\$ 31,314	\$ 54,240	\$ 46,943	\$ 229,722	\$ 14,942	\$ 37,098	\$ 3,612	\$ (436,690)	\$ 366,027
Accrued FECA Liabilities	-	9,780	15,912	86	27,222	30,829	20,074	144,780	1,942	-	250,625
Custodial Liabilities	-	599,810	-	-	5,199	-	-	-	-	-	605,009
Other Liabilities	169	83,592	14,538	117,275	20,766	121,218	10,474	69,364	102,615	(162,560)	377,451
Total Intragovernmental	67,514	1,010,683	61,764	171,601	100,130	381,769	45,490	251,242	108,169	(599,250)	1,599,112
Accounts Payable	851,013	307,561	354,200	24,177	92,054	416,733	45,450	367,973	45,659	-	2,504,820
Accrued Grant Liabilities	-	245,174	-	369,245	-	-	-	-	-	-	614,419
Actuarial FECA Liabilities	-	51,746	86,365	680	149,846	182,426	110,697	761,197	16,403	-	1,359,360
Accrued Payroll and Benefits	767	137,132	33,239	8,182	63,094	208,273	34,276	151,321	8,218	-	644,502
Accrued Annual and Compensatory Leave Liabilities	168	181,586	43,940	6,148	98,437	270,528	51,897	170,187	8,892	-	831,783
Environmental and Disposal Liabilities	-	-	-	-	-	9,987	-	62,722	-	-	72,709
Deferred Revenue	172,746	-	-	-	358,742	-	-	1,939	-	-	533,427
Seized Cash and Monetary Instruments	4,016,891	-	-	-	440	42,880	3,527	-	-	-	4,063,738
Contingent Liabilities	-	-	-	-	7,754	52,335	-	8,563	-	-	68,652
Capital Lease Liabilities	-	-	-	14	-	-	1,071	23,941	115	-	25,141
Radiation Exposure Compensation Act Liabilities	-	535,838	-	-	-	-	-	-	-	-	535,838
Other Liabilities	-	152,987	12,071	-	9,720	4,687	59,905	176,606	-	-	415,976
<b>Total Liabilities</b>	<b>\$ 5,109,099</b>	<b>\$ 2,622,707</b>	<b>\$ 591,579</b>	<b>\$ 580,047</b>	<b>\$ 880,217</b>	<b>\$ 1,569,618</b>	<b>\$ 352,313</b>	<b>\$ 1,975,691</b>	<b>\$ 187,456</b>	<b>\$ (599,250)</b>	<b>\$ 13,269,477</b>
<b>NET POSITION</b>											
Unexpended Appropriations - Earmarked Funds	\$ -	\$ 21,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,727
Unexpended Appropriations - All Other Funds	-	3,472,362	257,093	4,605,970	503,763	2,194,512	174,210	744,671	-	-	11,952,581
Cumulative Results of Operations - Earmarked Funds	1,760,544	252,629	-	7,202,248	(232,162)	-	-	83,557	-	-	9,066,816
Cumulative Results of Operations - All Other Funds	-	(56,544)	165,165	13,156	87,367	2,760,450	30,179	5,092,691	390,025	-	8,482,489
<b>Total Net Position</b>	<b>\$ 1,760,544</b>	<b>\$ 3,690,174</b>	<b>\$ 422,258</b>	<b>\$ 11,821,374</b>	<b>\$ 358,968</b>	<b>\$ 4,954,962</b>	<b>\$ 204,389</b>	<b>\$ 5,920,919</b>	<b>\$ 390,025</b>	<b>\$ -</b>	<b>\$ 29,523,613</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,869,643</b>	<b>\$ 6,312,881</b>	<b>\$ 1,013,837</b>	<b>\$ 12,401,421</b>	<b>\$ 1,239,185</b>	<b>\$ 6,524,580</b>	<b>\$ 556,702</b>	<b>\$ 7,896,610</b>	<b>\$ 577,481</b>	<b>\$ (599,250)</b>	<b>\$ 42,793,090</b>

**U. S. Department of Justice**  
**Consolidating Statement of Net Cost**  
**For the Fiscal Year Ended September 30, 2012**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost - Intragovernmental	\$ -	\$ 99,284	\$ 4,794	\$ -	\$ 17,534	\$ 1,424,724	\$ -	\$ -	\$ -	\$ (119,355)	\$ 1,426,981
Gross Cost - With the Public	-	282,552	-	-	94,180	3,917,146	6,419	-	-	-	4,300,297
Subtotal Gross Costs	-	381,836	4,794	-	111,714	5,341,870	6,419	-	-	(119,355)	5,727,278
Earned Revenues - Intragovernmental	-	87,077	-	-	12,630	458,969	-	-	-	(119,355)	439,321
Earned Revenues - With the Public	-	29,042	-	-	-	1,870	-	-	-	-	30,912
Subtotal Earned Revenues	-	116,119	-	-	12,630	460,839	-	-	-	(119,355)	470,233
Subtotal Net Cost of Operations	\$ -	\$ 265,717	\$ 4,794	\$ -	\$ 99,084	\$ 4,881,031	\$ 6,419	\$ -	\$ -	\$ -	\$ 5,257,045
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost - Intragovernmental	\$ 382,840	\$ 1,804,101	\$ 32,637	\$ 45,938	\$ 892,256	\$ 790,598	\$ 383,250	\$ -	\$ -	\$ (970,264)	\$ 3,361,356
Gross Cost - With the Public	3,936,567	6,787,015	-	952,857	1,945,542	2,173,677	895,426	7,242	-	-	16,698,326
Subtotal Gross Costs	4,319,407	8,591,116	32,637	998,795	2,837,798	2,964,275	1,278,676	7,242	-	(970,264)	20,059,682
Earned Revenues - Intragovernmental	10,585	529,236	-	4,839	473,274	340,061	80,866	-	-	(970,264)	468,597
Earned Revenues - With the Public	-	395,064	-	-	251,099	-	503	-	-	-	646,666
Subtotal Earned Revenues	10,585	924,300	-	4,839	724,373	340,061	81,369	-	-	(970,264)	1,115,263
Subtotal Net Cost of Operations	\$ 4,308,822	\$ 7,666,816	\$ 32,637	\$ 993,956	\$ 2,113,425	\$ 2,624,214	\$ 1,197,307	\$ 7,242	\$ -	\$ -	\$ 18,944,419
<b>Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels</b>											
Gross Cost - Intragovernmental	\$ -	\$ 1,808,388	\$ 544,969	\$ 148,858	\$ -	\$ 280,253	\$ -	\$ 1,664,927	\$ 164,798	\$ (1,883,179)	\$ 2,729,014
Gross Cost - With the Public	-	665,148	2,609,317	2,316,455	-	770,530	-	5,834,650	598,300	-	12,794,400
Subtotal Gross Costs	-	2,473,536	3,154,286	2,465,313	-	1,050,783	-	7,499,577	763,098	(1,883,179)	15,523,414
Earned Revenues - Intragovernmental	-	159,062	1,537,097	22,310	-	334,507	-	20,904	651,713	(1,858,461)	867,132
Earned Revenues - With the Public	-	66,119	6,548	148	-	151,387	-	389,401	49,573	-	663,176
Subtotal Earned Revenues	-	225,181	1,543,645	22,458	-	485,894	-	410,305	701,286	(1,858,461)	1,530,308
Subtotal Net Cost of Operations	\$ -	\$ 2,248,355	\$ 1,610,641	\$ 2,442,855	\$ -	\$ 564,889	\$ -	\$ 7,089,272	\$ 61,812	\$ (24,718)	\$ 13,993,106
<b>Total Net Cost of Operations</b>	<b>\$ 4,308,822</b>	<b>\$ 10,180,888</b>	<b>\$ 1,648,072</b>	<b>\$ 3,436,811</b>	<b>\$ 2,212,509</b>	<b>\$ 8,070,134</b>	<b>\$ 1,203,726</b>	<b>\$ 7,096,514</b>	<b>\$ 61,812</b>	<b>\$ (24,718)</b>	<b>\$ 38,194,570</b>

**U. S. Department of Justice**  
**Consolidating Statement of Net Cost**  
**For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Goal 1: Prevent Terrorism and Promote the Nation's Security Consistent with the Rule of Law</b>											
Gross Cost - Intragovernmental	\$ -	\$ 112,985	\$ 6,484	\$ -	\$ 15,196	\$ 1,420,503	\$ -	\$ -	\$ -	\$ (93,725)	\$ 1,461,443
Gross Cost - With the Public	-	265,340	-	-	90,886	3,802,831	5,649	-	-	-	4,164,706
Subtotal Gross Costs	-	378,325	6,484	-	106,082	5,223,334	5,649	-	-	(93,725)	5,626,149
Earned Revenues - Intragovernmental	-	93,776	-	-	687	446,885	-	-	-	(93,725)	447,623
Earned Revenues - With the Public	-	22,433	-	-	6	721	-	-	-	-	23,160
Subtotal Earned Revenues	-	116,209	-	-	693	447,606	-	-	-	(93,725)	470,783
Subtotal Net Cost of Operations	\$ -	\$ 262,116	\$ 6,484	\$ -	\$ 105,389	\$ 4,775,728	\$ 5,649	\$ -	\$ -	\$ -	\$ 5,155,366
<b>Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law</b>											
Gross Cost - Intragovernmental	\$ 380,028	\$ 1,868,383	\$ 30,396	\$ 43,903	\$ 907,038	\$ 813,795	\$ 381,239	\$ -	\$ -	\$ (1,096,338)	\$ 3,328,444
Gross Cost - With the Public	1,293,384	3,990,335	-	960,540	2,021,967	2,178,615	886,810	6,613	-	-	11,338,264
Subtotal Gross Costs	1,673,412	5,858,718	30,396	1,004,443	2,929,005	2,992,410	1,268,049	6,613	-	(1,096,338)	14,666,708
Earned Revenues - Intragovernmental	9,513	575,651	-	7,489	521,896	318,479	90,650	-	-	(1,096,338)	427,340
Earned Revenues - With the Public	-	426,958	-	-	200,321	-	650	-	-	-	627,929
Subtotal Earned Revenues	9,513	1,002,609	-	7,489	722,217	318,479	91,300	-	-	(1,096,338)	1,055,269
Subtotal Net Cost of Operations	\$ 1,663,899	\$ 4,856,109	\$ 30,396	\$ 996,954	\$ 2,206,788	\$ 2,673,931	\$ 1,176,749	\$ 6,613	\$ -	\$ -	\$ 13,611,439
<b>Goal 3: Ensure and Support the Fair, Impartial, Efficient, and Transparent Administration of Justice at the Federal, State, Local, Tribal, and International Levels</b>											
Gross Cost - Intragovernmental	\$ -	\$ 1,736,875	\$ 546,964	\$ 180,000	\$ -	\$ 275,867	\$ -	\$ 1,629,744	\$ 163,202	\$ (1,843,879)	\$ 2,688,773
Gross Cost - With the Public	-	705,044	2,627,882	2,550,468	-	738,525	-	5,583,621	779,713	-	12,985,253
Subtotal Gross Costs	-	2,441,919	3,174,846	2,730,468	-	1,014,392	-	7,213,365	942,915	(1,843,879)	15,674,026
Earned Revenues - Intragovernmental	-	158,055	1,581,441	35,228	-	335,879	-	15,252	800,498	(1,818,415)	1,107,938
Earned Revenues - With the Public	-	45,456	2,519	45	-	175,158	-	370,424	104,185	-	697,787
Subtotal Earned Revenues	-	203,511	1,583,960	35,273	-	511,037	-	385,676	904,683	(1,818,415)	1,805,725
Subtotal Net Cost of Operations	\$ -	\$ 2,238,408	\$ 1,590,886	\$ 2,695,195	\$ -	\$ 503,355	\$ -	\$ 6,827,689	\$ 38,232	\$ (25,464)	\$ 13,868,301
<b>Total Net Cost of Operations</b>	<b>\$ 1,663,899</b>	<b>\$ 7,356,633</b>	<b>\$ 1,627,766</b>	<b>\$ 3,692,149</b>	<b>\$ 2,312,177</b>	<b>\$ 7,953,014</b>	<b>\$ 1,182,398</b>	<b>\$ 6,834,302</b>	<b>\$ 38,232</b>	<b>\$ (25,464)</b>	<b>\$ 32,635,106</b>

**U. S. Department of Justice  
Consolidating Statement of Changes in Net Position  
For the Fiscal Year Ended September 30, 2012**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Unexpended Appropriations</b>											
<b>Beginning Balances</b>											
Earmarked Funds	\$ -	\$ 21,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,727
All Other Funds	-	3,472,362	257,093	4,605,970	503,763	2,194,512	174,210	744,671	-	-	11,952,581
<b>Budgetary Financing Sources</b>											
Appropriations Received											
Earmarked Funds	-	72,044	-	-	-	-	-	-	-	-	72,044
All Other Funds	-	6,848,091	1,189,000	1,638,300	2,035,000	8,117,973	1,152,000	6,641,281	-	-	27,621,645
Appropriations Transferred-In/Out											
All Other Funds	-	(28,074)	416,211	(8,470)	27,254	(60,821)	(15,067)	(562)	-	-	330,471
Other Adjustments											
All Other Funds	-	(40,561)	(2,200)	(55,000)	(10,000)	-	-	(45,000)	-	-	(152,761)
Appropriations Used											
Earmarked Funds	-	(67,808)	-	-	-	-	-	-	-	-	(67,808)
All Other Funds	-	(6,896,031)	(1,600,534)	(2,702,583)	(2,056,651)	(8,100,309)	(1,136,039)	(6,690,974)	-	-	(29,183,121)
<b>Total Financing Sources</b>											
Earmarked Funds	-	4,236	-	-	-	-	-	-	-	-	4,236
All Other Funds	-	(116,575)	2,477	(1,127,753)	(4,397)	(43,157)	894	(95,255)	-	-	(1,383,766)
<b>Net Change</b>											
Earmarked Funds	-	4,236	-	-	-	-	-	-	-	-	4,236
All Other Funds	-	(116,575)	2,477	(1,127,753)	(4,397)	(43,157)	894	(95,255)	-	-	(1,383,766)
<b>Ending Balances</b>											
Earmarked Funds	-	25,963	-	-	-	-	-	-	-	-	25,963
All Other Funds	-	3,355,787	259,570	3,478,217	499,366	2,151,355	175,104	649,416	-	-	10,568,815
<b>Total All Funds</b>	<b>\$ -</b>	<b>\$ 3,381,750</b>	<b>\$ 259,570</b>	<b>\$ 3,478,217</b>	<b>\$ 499,366</b>	<b>\$ 2,151,355</b>	<b>\$ 175,104</b>	<b>\$ 649,416</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,594,778</b>

U. S. Department of Justice  
 Consolidating Statement of Changes in Net Position - Continued  
 For the Fiscal Year Ended September 30, 2012

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Cumulative Results of Operations</b>											
<b>Beginning Balances</b>											
Earmarked Funds	\$ 1,760,544	\$ 252,629	\$ -	\$ 7,202,248	\$ (232,162)	\$ -	\$ -	\$ 83,557	\$ -	\$ -	\$ 9,066,816
All Other Funds	-	(56,544)	165,165	13,156	87,367	2,760,450	30,179	5,092,691	390,025	-	8,482,489
<b>Beginning Balances, as Adjusted</b>											
Earmarked Funds	1,760,544	252,629	-	7,202,248	(232,162)	-	-	83,557	-	-	9,066,816
All Other Funds	-	(56,544)	165,165	13,156	87,367	2,760,450	30,179	5,092,691	390,025	-	8,482,489
<b>Budgetary Financing Sources</b>											
Other Adjustments											
All Other Funds	-	(40,000)	-	-	-	-	-	-	-	-	(40,000)
Appropriations Used											
Earmarked Funds	-	67,808	-	-	-	-	-	-	-	-	67,808
All Other Funds	-	6,896,031	1,600,534	2,702,583	2,056,651	8,100,309	1,136,039	6,690,974	-	-	29,183,121
Nonexchange Revenues											
Earmarked Funds	3,327	4,085	-	2,795,573	-	-	-	-	-	-	2,802,985
All Other Funds	-	-	-	975	-	-	-	-	-	-	975
Donations and Forfeitures of Cash and Cash Equivalents											
Earmarked Funds	4,194,465	-	-	-	-	-	-	-	-	-	4,194,465
Transfers-In/Out Without Reimbursement											
All Other Funds	-	109,395	-	-	-	-	-	-	-	-	109,395
<b>Other Financing Sources</b>											
Donations and Forfeitures of Property											
Earmarked Funds	120,245	-	-	-	-	-	-	-	-	-	120,245
All Other Funds	-	-	-	-	-	-	-	30	-	-	30
Transfers-In/Out Without Reimbursement											
Earmarked Funds	(149,908)	-	-	-	-	-	-	-	-	-	(149,908)
All Other Funds	-	(36,621)	58	2,295	(1,374)	5,333	15,949	151,645	-	-	137,285
Imputed Financing from Costs Absorbed by Others											
Earmarked Funds	536	1,145	-	-	9,419	-	-	4,346	-	-	15,446
All Other Funds	-	175,254	51,770	4,474	71,487	276,722	40,346	233,672	33,561	(24,718)	862,568
Other Financing Sources											
All Other Funds	-	-	-	-	-	(5,199)	-	-	-	-	(5,199)
<b>Total Financing Sources</b>											
Earmarked Funds	4,168,665	73,038	-	2,795,573	9,419	-	-	4,346	-	-	7,051,041
All Other Funds	-	7,104,059	1,652,362	2,710,327	2,126,764	8,377,165	1,192,334	7,076,321	33,561	(24,718)	30,248,175
<b>Net Cost of Operations</b>											
Earmarked Funds	(4,308,822)	(69,949)	-	(724,712)	(63,144)	-	-	(1,691)	-	-	(5,168,318)
All Other Funds	-	(10,110,939)	(1,648,072)	(2,712,099)	(2,149,365)	(8,070,134)	(1,203,726)	(7,094,823)	(61,812)	24,718	(33,026,252)
<b>Net Change</b>											
Earmarked Funds	(140,157)	3,089	-	2,070,861	(53,725)	-	-	2,655	-	-	1,882,723
All Other Funds	-	(3,006,880)	4,290	(1,772)	(22,601)	307,031	(11,392)	(18,502)	(28,251)	-	(2,778,077)
<b>Ending Balances</b>											
Earmarked Funds	1,620,387	255,718	-	9,273,109	(285,887)	-	-	86,212	-	-	10,949,539
All Other Funds	-	(3,063,424)	169,455	11,384	64,766	3,067,481	18,787	5,074,189	361,774	-	5,704,412
<b>Total All Funds</b>	<b>\$ 1,620,387</b>	<b>\$ (2,807,706)</b>	<b>\$ 169,455</b>	<b>\$ 9,284,493</b>	<b>\$ (221,121)</b>	<b>\$ 3,067,481</b>	<b>\$ 18,787</b>	<b>\$ 5,160,401</b>	<b>\$ 361,774</b>	<b>\$ -</b>	<b>\$ 16,653,951</b>

**U. S. Department of Justice  
Consolidating Statement of Changes in Net Position  
For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Unexpended Appropriations</b>											
<b>Beginning Balances</b>											
Earmarked Funds	\$ -	\$ 19,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,585
All Other Funds	-	3,979,216	328,900	5,571,977	559,167	2,255,206	202,183	894,623	-	-	13,791,272
<b>Beginning Balances, as Adjusted</b>											
Earmarked Funds	-	19,585	-	-	-	-	-	-	-	-	19,585
All Other Funds	-	3,979,216	328,900	5,571,977	559,167	2,255,206	202,183	894,623	-	-	13,791,272
<b>Budgetary Financing Sources</b>											
Appropriations Received											
Earmarked Funds	-	71,746	-	-	-	-	-	-	-	-	71,746
All Other Funds	-	6,901,999	1,142,388	1,893,160	2,019,682	7,941,932	1,114,772	6,394,155	-	-	27,408,088
Appropriations Transferred-In/Out											
All Other Funds	-	(187,823)	388,191	200,344	71,029	(61,176)	(7,892)	(1,834)	-	-	400,839
Other Adjustments											
Earmarked Funds	-	(326)	-	-	-	-	-	-	-	-	(326)
All Other Funds	-	(23,338)	(2,285)	(45,365)	(4,039)	(15,884)	(2,231)	(12,788)	-	-	(105,930)
Appropriations Used											
Earmarked Funds	-	(69,278)	-	-	-	-	-	-	-	-	(69,278)
All Other Funds	-	(7,197,692)	(1,600,101)	(3,014,146)	(2,142,076)	(7,925,566)	(1,132,622)	(6,529,485)	-	-	(29,541,688)
<b>Total Financing Sources</b>											
Earmarked Funds	-	2,142	-	-	-	-	-	-	-	-	2,142
All Other Funds	-	(506,854)	(71,807)	(966,007)	(55,404)	(60,694)	(27,973)	(149,952)	-	-	(1,838,691)
<b>Net Change</b>											
Earmarked Funds	-	2,142	-	-	-	-	-	-	-	-	2,142
All Other Funds	-	(506,854)	(71,807)	(966,007)	(55,404)	(60,694)	(27,973)	(149,952)	-	-	(1,838,691)
<b>Ending Balances</b>											
Earmarked Funds	-	21,727	-	-	-	-	-	-	-	-	21,727
All Other Funds	-	3,472,362	257,093	4,605,970	503,763	2,194,512	174,210	744,671	-	-	11,952,581
<b>Total All Funds</b>	\$ -	\$ 3,494,089	\$ 257,093	\$ 4,605,970	\$ 503,763	\$ 2,194,512	\$ 174,210	\$ 744,671	\$ -	\$ -	\$ 11,974,308

U. S. Department of Justice  
 Consolidating Statement of Changes in Net Position - Continued  
 For the Fiscal Year Ended September 30, 2011

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Eliminations	Consolidated
<b>Cumulative Results of Operations</b>											
<b>Beginning Balances</b>											
Earmarked Funds	\$ 1,687,400	\$ 171,475	\$ -	\$ 5,866,596	\$ (159,279)	\$ -	\$ -	\$ 69,853	\$ -	\$ -	\$ 7,636,045
All Other Funds	-	(142,839)	137,022	12,217	80,998	2,413,112	29,258	5,147,049	391,834	-	8,068,651
<b>Beginning Balances, as Adjusted</b>											
Earmarked Funds	1,687,400	171,475	-	5,866,596	(159,279)	-	-	69,853	-	-	7,636,045
All Other Funds	-	(142,839)	137,022	12,217	80,998	2,413,112	29,258	5,147,049	391,834	-	8,068,651
<b>Budgetary Financing Sources</b>											
Other Adjustments											
All Other Funds	-	(26,000)	-	-	-	-	-	-	-	-	(26,000)
Appropriations Used											
Earmarked Funds	-	69,278	-	-	-	-	-	-	-	-	69,278
All Other Funds	-	7,197,692	1,600,101	3,014,146	2,142,076	7,925,566	1,132,622	6,529,485	-	-	29,541,688
Nonexchange Revenues											
Earmarked Funds	4,596	1,070	-	1,998,221	-	-	-	-	-	-	2,003,887
All Other Funds	-	-	-	508	-	-	-	-	-	-	508
Donations and Forfeitures of Cash and Cash Equivalents											
Earmarked Funds	1,580,584	-	-	-	-	-	-	-	-	-	1,580,584
Transfers-In/Out Without Reimbursement											
All Other Funds	-	113,735	-	-	-	-	-	-	-	-	113,735
Other Budgetary Financing Sources											
<b>Other Financing Sources</b>											
Donations and Forfeitures of Property											
Earmarked Funds	157,381	-	-	-	-	-	-	-	-	-	157,381
All Other Funds	-	-	-	-	-	-	-	226	-	-	226
Transfers-In/Out Without Reimbursement											
Earmarked Funds	(6,120)	-	-	-	-	-	-	(72)	-	-	(6,192)
All Other Funds	-	(53,304)	162	10,600	14,358	74,270	3,153	1,485	24	-	50,748
Imputed Financing from Costs Absorbed by Others											
Earmarked Funds	602	1,365	-	-	9,396	-	-	4,706	-	-	16,069
All Other Funds	-	220,246	55,646	5,265	79,833	305,129	47,544	257,818	36,399	(25,464)	982,416
Other Financing Sources											
All Other Funds	-	-	-	-	-	(4,613)	-	-	-	-	(4,613)
<b>Total Financing Sources</b>											
Earmarked Funds	1,737,043	71,713	-	1,998,221	9,396	-	-	4,634	-	-	3,821,007
All Other Funds	-	7,452,369	1,655,909	3,030,519	2,236,267	8,300,352	1,183,319	6,789,014	36,423	(25,464)	30,658,708
<b>Net Cost of Operations</b>											
Earmarked Funds	(1,663,899)	9,441	-	(662,569)	(82,279)	-	-	9,070	-	-	(2,390,236)
All Other Funds	-	(7,366,074)	(1,627,766)	(3,029,580)	(2,229,898)	(7,953,014)	(1,182,398)	(6,843,372)	(38,232)	25,464	(30,244,870)
<b>Net Change</b>											
Earmarked Funds	73,144	81,154	-	1,335,652	(72,883)	-	-	13,704	-	-	1,430,771
All Other Funds	-	86,295	28,143	939	6,369	347,338	921	(54,358)	(1,809)	-	413,838
<b>Ending Balances</b>											
Earmarked Funds	1,760,544	252,629	-	7,202,248	(232,162)	-	-	83,557	-	-	9,066,816
All Other Funds	-	(56,544)	165,165	13,156	87,367	2,760,450	30,179	5,092,691	390,025	-	8,482,489
<b>Total All Funds</b>	\$ 1,760,544	\$ 196,085	\$ 165,165	\$ 7,215,404	\$ (144,795)	\$ 2,760,450	\$ 30,179	\$ 5,176,248	\$ 390,025	\$ -	\$ 17,549,305

**U. S. Department of Justice  
Combining Statement of Budgetary Resources  
For the Fiscal Year Ended September 30, 2012**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Budgetary Resources</b>										
Unobligated Balance, Net, Brought Forward, October 1	\$ 1,088,719	\$ 814,323	90,397	\$ 187,462	\$ 158,292	\$ 947,534	\$ 60,967	\$ 379,813	\$ 154,816	\$ 3,882,323
Recoveries of Prior Year Unpaid Obligations	84,186	224,583	54,620	53,296	114,289	290,427	32,746	23,388	-	877,535
Other Changes in Unobligated Balance	-	67,691	(7,632)	(2,409)	21	(53,259)	(14,933)	(1,862)	-	(12,383)
Unobligated Balance from Prior Year Budget Authority, Net	1,172,905	1,106,597	137,385	238,349	272,602	1,184,702	78,780	401,339	154,816	4,747,475
Appropriations (discretionary and mandatory)	4,100,446	7,142,929	1,610,644	2,286,418	2,346,455	8,110,411	1,151,866	6,597,581	-	33,346,750
Spending Authority from Offsetting Collections (discretionary and mandatory)	17,027	2,162,444	1,538,614	196,233	525,323	1,395,880	94,820	561,856	701,286	7,193,483
<b>Total Budgetary Resources</b>	<b>\$ 5,290,378</b>	<b>\$ 10,411,970</b>	<b>\$ 3,286,643</b>	<b>\$ 2,721,000</b>	<b>\$ 3,144,380</b>	<b>\$ 10,690,993</b>	<b>\$ 1,325,466</b>	<b>\$ 7,560,776</b>	<b>\$ 856,102</b>	<b>\$ 45,287,708</b>
<b>Status of Budgetary Resources:</b>										
Obligations Incurred (Note 21)	\$ 4,528,369	\$ 9,284,881	\$ 3,184,684	\$ 2,543,035	\$ 2,976,982	\$ 9,591,524	\$ 1,279,257	\$ 7,164,861	\$ 697,683	\$ 41,251,276
Unobligated Balance, End of Period:										
Apportioned	639,541	861,850	61,752	152,618	127,526	624,435	29,929	232,512	-	2,730,163
Exempt from Apportionment	-	-	-	-	-	-	-	59,772	158,419	218,191
Unapportioned	122,468	265,239	40,207	25,347	39,872	475,034	16,280	103,631	-	1,088,078
Total Unobligated Balance - End of Period	762,009	1,127,089	101,959	177,965	167,398	1,099,469	46,209	395,915	158,419	4,036,432
<b>Total Status of Budgetary Resources:</b>	<b>\$ 5,290,378</b>	<b>\$ 10,411,970</b>	<b>\$ 3,286,643</b>	<b>\$ 2,721,000</b>	<b>\$ 3,144,380</b>	<b>\$ 10,690,993</b>	<b>\$ 1,325,466</b>	<b>\$ 7,560,776</b>	<b>\$ 856,102</b>	<b>\$ 45,287,708</b>
<b>Change in Obligated Balance:</b>										
Obligated Balance, Net - Brought Forward, October 1										
Unpaid Obligations, Gross	\$ 1,092,300	\$ 4,564,149	\$ 648,610	\$ 5,025,867	\$ 712,030	\$ 3,165,268	\$ 245,431	\$ 1,051,944	\$ 171,054	\$ 16,676,653
Less: Uncollected Customer Payments from Federal Sources	4,889	816,547	188,832	25,236	157,357	492,704	59,852	10,882	34,360	1,790,659
Total Obligated Balance, Net - Brought Forward, October 1	1,087,411	3,747,602	459,778	5,000,631	554,673	2,672,564	185,579	1,041,062	136,694	14,885,994
Obligations Incurred	4,528,369	9,284,881	3,184,684	2,543,035	2,976,982	9,591,524	1,279,257	7,164,861	697,683	41,251,276
Less: Outlays, Gross	2,687,103	9,445,119	3,240,907	3,237,410	2,852,539	9,394,120	1,233,314	7,324,472	705,033	40,120,017
Change in Uncollected Customer Payments from Federal Sources	(4,000)	(24,183)	28,761	(2,347)	(28,576)	(75,764)	(7,219)	844	12,782	(99,702)
Less: Recoveries of Prior Year Unpaid Obligations	84,186	224,583	54,620	53,296	114,289	290,427	32,746	23,388	-	877,535
Obligated Balance, Net - End of Period										
Unpaid Obligations, Gross	2,849,380	4,179,328	537,767	4,278,196	722,184	3,072,245	258,628	868,945	163,704	16,930,377
Less: Uncollected Customer Payments from Federal Sources	8,889	840,730	160,071	27,583	185,933	568,468	67,071	10,038	21,578	1,890,361
<b>Total Obligated Balance, Net - End of Period</b>	<b>\$ 2,840,491</b>	<b>\$ 3,338,598</b>	<b>\$ 377,696</b>	<b>\$ 4,250,613</b>	<b>\$ 536,251</b>	<b>\$ 2,503,777</b>	<b>\$ 191,557</b>	<b>\$ 858,907</b>	<b>\$ 142,126</b>	<b>\$ 15,040,016</b>

**U. S. Department of Justice**  
**Combining Statement of Budgetary Resources - Continued**  
**For the Fiscal Year Ended September 30, 2012**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Budgetary Authority and Outlays, Net:</b>										
Budgetary Authority, Gross (discretionary and mandatory)	\$ 4,117,473	\$ 9,305,373	\$ 3,149,258	\$ 2,482,651	\$ 2,871,778	\$ 9,506,291	\$ 1,246,686	\$ 7,159,437	\$ 701,286	\$ 40,540,233
Less: Actual Offsetting Collections (discretionary and mandatory)	13,027	2,138,261	1,567,375	193,886	496,747	1,320,116	87,601	562,700	714,068	7,093,781
Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory)	(4,000)	(24,183)	28,761	(2,347)	(28,576)	(75,764)	(7,219)	844	12,782	(99,702)
<b>Budget Authority, Net (discretionary and mandatory)</b>	<b>\$ 4,100,446</b>	<b>\$ 7,142,929</b>	<b>\$ 1,610,644</b>	<b>\$ 2,286,418</b>	<b>\$ 2,346,455</b>	<b>\$ 8,110,411</b>	<b>\$ 1,151,866</b>	<b>\$ 6,597,581</b>	<b>\$ -</b>	<b>\$ 33,346,750</b>
Outlays, Gross (discretionary and mandatory)	\$ 2,687,103	\$ 9,445,119	\$ 3,240,907	\$ 3,237,410	\$ 2,852,539	\$ 9,394,120	\$ 1,233,314	\$ 7,324,472	\$ 705,033	\$ 40,120,017
Less: Actual Offsetting Collections (discretionary and mandatory)	13,027	2,138,261	1,567,375	193,886	496,747	1,320,116	87,601	562,700	714,068	7,093,781
Outlays, Net (discretionary and mandatory)	2,674,076	7,306,858	1,673,532	3,043,524	2,355,792	8,074,004	1,145,713	6,761,772	(9,035)	33,026,236
Less: Distributed Offsetting Receipts	3,327	1,117,582	-	26	295,736	145	2,859	5,452	-	1,425,127
<b>Agency Outlays, Net (discretionary and mandatory)</b>	<b>\$ 2,670,749</b>	<b>\$ 6,189,276</b>	<b>\$ 1,673,532</b>	<b>\$ 3,043,498</b>	<b>\$ 2,060,056</b>	<b>\$ 8,073,859</b>	<b>\$ 1,142,854</b>	<b>\$ 6,756,320</b>	<b>\$ (9,035)</b>	<b>\$ 31,601,109</b>

**U. S. Department of Justice  
Combining Statement of Budgetary Resources  
For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Budgetary Resources</b>										
Unobligated Balance, Net, Brought Forward, October 1	\$ 1,010,179	\$ 929,953	\$ 133,375	\$ 232,500	\$ 223,391	\$ 946,877	\$ 110,131	\$ 377,906	\$ 74,986	\$ 4,039,298
Recoveries of Prior Year Unpaid Obligations	83,669	206,483	64,819	54,156	102,053	216,564	21,159	4,539	-	753,442
Other Changes in Unobligated Balance	-	93,421	(21,395)	(2,311)	33,854	(58,985)	(7,780)	(1,834)	-	34,970
Unobligated Balance from Prior Year Budget Authority, Net	1,093,848	1,229,857	176,799	284,345	359,298	1,104,456	123,510	380,611	74,986	4,827,710
Appropriations (discretionary and mandatory)	1,602,768	7,030,338	1,549,689	2,750,112	2,295,492	7,923,857	1,112,429	6,381,367	-	30,646,052
Spending Authority from Offsetting Collections (discretionary and mandatory)	12,309	2,108,819	1,596,290	33,249	505,291	1,321,494	85,420	388,448	904,683	6,956,003
<b>Total Budgetary Resources</b>	<b>\$ 2,708,925</b>	<b>\$ 10,369,014</b>	<b>\$ 3,322,778</b>	<b>\$ 3,067,706</b>	<b>\$ 3,160,081</b>	<b>\$ 10,349,807</b>	<b>\$ 1,321,359</b>	<b>\$ 7,150,426</b>	<b>\$ 979,669</b>	<b>\$ 42,429,765</b>
<b>Status of Budgetary Resources:</b>										
Obligations Incurred (Note 21)	\$ 1,620,206	\$ 9,554,691	\$ 3,232,381	\$ 2,880,244	\$ 3,001,789	\$ 9,402,273	\$ 1,260,392	\$ 6,770,613	\$ 824,853	\$ 38,547,442
Unobligated Balance, End of Period:										
Apportioned	635,227	554,020	57,730	169,067	118,503	594,313	38,931	258,217	-	2,426,008
Exempt from Apportionment	-	-	-	-	-	-	-	56,381	154,816	211,197
Unapportioned	453,492	260,303	32,667	18,395	39,789	353,221	22,036	65,215	-	1,245,118
Total Unobligated Balance - End of Period	1,088,719	814,323	90,397	187,462	158,292	947,534	60,967	379,813	154,816	3,882,323
<b>Total Status of Budgetary Resources:</b>	<b>\$ 2,708,925</b>	<b>\$ 10,369,014</b>	<b>\$ 3,322,778</b>	<b>\$ 3,067,706</b>	<b>\$ 3,160,081</b>	<b>\$ 10,349,807</b>	<b>\$ 1,321,359</b>	<b>\$ 7,150,426</b>	<b>\$ 979,669</b>	<b>\$ 42,429,765</b>
<b>Change in Obligated Balance:</b>										
Obligated Balance, Net - Brought Forward, October 1										
Unpaid Obligations, Gross	\$ 982,679	\$ 4,874,461	\$ 708,551	\$ 5,510,847	\$ 777,043	\$ 3,221,811	\$ 226,043	\$ 1,185,212	\$ 272,682	\$ 17,759,329
Less: Uncollected Customer Payments from Federal Sources	4,245	794,774	165,214	25,666	181,976	479,261	70,398	6,345	25,219	1,753,098
Total Obligated Balance, Net - Brought Forward, October 1	978,434	4,079,687	543,337	5,485,181	595,067	2,742,550	155,645	1,178,867	247,463	16,006,231
Obligations Incurred	1,620,206	9,554,691	3,232,381	2,880,244	3,001,789	9,402,273	1,260,392	6,770,613	824,853	38,547,442
Less: Outlays, Gross	1,426,916	9,658,520	3,227,503	3,311,068	2,964,749	9,242,252	1,219,844	6,899,342	926,480	38,876,674
Change in Uncollected Customer Payments from Federal Sources	(644)	(21,773)	(23,618)	430	24,619	(13,443)	10,545	(4,537)	(9,141)	(37,562)
Less: Recoveries of Prior Year Unpaid Obligations	83,669	206,483	64,819	54,156	102,053	216,564	21,159	4,539	-	753,442
Obligated Balance, Net - End of Period										
Unpaid Obligations, Gross	1,092,300	4,564,149	648,610	5,025,867	712,030	3,165,268	245,431	1,051,944	171,054	16,676,653
Less: Uncollected Customer Payments from Federal Sources	4,889	816,547	188,832	25,236	157,357	492,704	59,852	10,882	34,360	1,790,659
<b>Total Obligated Balance, Net - End of Period</b>	<b>\$ 1,087,411</b>	<b>\$ 3,747,602</b>	<b>\$ 459,778</b>	<b>\$ 5,000,631</b>	<b>\$ 554,673</b>	<b>\$ 2,672,564</b>	<b>\$ 185,579</b>	<b>\$ 1,041,062</b>	<b>\$ 136,694</b>	<b>\$ 14,885,994</b>

**U. S. Department of Justice**  
**Combining Statement of Budgetary Resources - Continued**  
**For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Budgetary Authority and Outlays, Net:</b>										
Budgetary Authority, Gross (discretionary and mandatory)	\$ 1,615,077	\$ 9,139,157	\$ 3,145,979	\$ 2,783,361	\$ 2,800,783	\$ 9,245,351	\$ 1,197,849	\$ 6,769,815	\$ 904,683	\$ 37,602,055
Less: Actual Offsetting Collections (discretionary and mandatory)	11,665	2,087,046	1,572,672	33,683	529,910	1,308,051	95,965	383,911	895,542	6,918,445
Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory)	(644)	(21,773)	(23,618)	430	24,619	(13,443)	10,545	(4,537)	(9,141)	(37,562)
Budget Authority, Net (discretionary and mandatory)	<u>\$ 1,602,768</u>	<u>\$ 7,030,338</u>	<u>\$ 1,549,689</u>	<u>\$ 2,750,108</u>	<u>\$ 2,295,492</u>	<u>\$ 7,923,857</u>	<u>\$ 1,112,429</u>	<u>\$ 6,381,367</u>	<u>\$ -</u>	<u>\$ 30,646,048</u>
Outlays, Gross (discretionary and mandatory)	\$ 1,426,916	\$ 9,658,520	\$ 3,227,503	\$ 3,311,068	\$ 2,964,749	\$ 9,242,252	\$ 1,219,844	\$ 6,899,342	\$ 926,480	\$ 38,876,674
Less: Actual Offsetting Collections (discretionary and mandatory)	11,665	2,087,046	1,572,672	33,683	529,910	1,308,051	95,965	383,911	895,542	6,918,445
Outlays, Net (discretionary and mandatory)	1,415,251	7,571,474	1,654,831	3,277,385	2,434,839	7,934,201	1,123,879	6,515,431	30,938	31,958,229
Less: Distributed Offsetting Receipts	4,596	777,312	-	206	243,616	(7,284)	3,892	3,306	-	1,025,644
Agency Outlays, Net (discretionary and mandatory)	<u>\$ 1,410,655</u>	<u>\$ 6,794,162</u>	<u>\$ 1,654,831</u>	<u>\$ 3,277,179</u>	<u>\$ 2,191,223</u>	<u>\$ 7,941,485</u>	<u>\$ 1,119,987</u>	<u>\$ 6,512,125</u>	<u>\$ 30,938</u>	<u>\$ 30,932,585</u>



**U. S. Department of Justice  
Combining Statement of Custodial Activity  
For the Fiscal Year Ended September 30, 2011**

Dollars in Thousands	AFF/SADF	OBDs	USMS	OJP	DEA	FBI	ATF	BOP	FPI	Combined
<b>Revenue Activity</b>										
<b>Sources of Cash Collections</b>										
Delinquent Federal Civil Debts as Required by the Federal Debt Recovery Act of 1986	\$ -	\$ 5,222,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,222,083
Fees and Licenses	-	-	-	-	15,000	-	17,437	-	-	32,437
Fines, Penalties and Restitution Payments - Civil	-	-	-	-	82,268	-	20	-	-	82,288
Fines, Penalties and Restitution Payments - Criminal	-	38,255	-	-	-	-	95	-	-	38,350
Miscellaneous	-	59	-	-	-	902	3,892	-	-	4,853
<b>Total Cash Collections</b>	<b>\$ -</b>	<b>\$ 5,260,397</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 97,268</b>	<b>\$ 902</b>	<b>\$ 21,444</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,380,011</b>
<b>Accrual Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,617</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>3,643</b>
<b>Total Custodial Revenue</b>	<b>\$ -</b>	<b>\$ 5,260,397</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,885</b>	<b>\$ 902</b>	<b>\$ 21,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,383,654</b>
<b>Disposition of Collections</b>										
Transferred to Federal Agencies	-	(96,346)	-	-	-	-	-	-	-	(96,346)
U.S. Department of Agriculture	-	(5,103)	-	-	-	-	-	-	-	(5,103)
U.S. Department of Commerce	-	(29,959)	-	-	-	-	-	-	-	(29,959)
U.S. Department of the Interior	-	(81,181)	-	-	-	-	-	-	-	(81,181)
U.S. Department of Justice	-	(736)	-	-	-	-	-	-	-	(736)
U.S. Department of Labor	-	(4,362)	-	-	-	-	-	-	-	(4,362)
U.S. Postal Service	-	(8,535)	-	-	-	-	-	-	-	(8,535)
U.S. Department of State	-	(130,778)	-	-	(97,268)	-	(21,138)	-	-	(249,184)
U.S. Department of the Treasury	-	(58,144)	-	-	-	-	-	-	-	(58,144)
Office of Personnel Management	-	(14,727)	-	-	-	-	-	-	-	(14,727)
Federal Communications Commission	-	(2,726)	-	-	-	-	-	-	-	(2,726)
Social Security Administration	-	(190)	-	-	-	-	-	-	-	(190)
Smithsonian Institution	-	(28,703)	-	-	-	-	-	-	-	(28,703)
U.S. Department of Veterans Affairs	-	(88,447)	-	-	-	-	-	-	-	(88,447)
General Services Administration	-	(3)	-	-	-	-	-	-	-	(3)
Securities and Exchange Commission	-	(71)	-	-	-	-	-	-	-	(71)
Federal Deposit Insurance Corporation	-	(100)	-	-	-	-	-	-	-	(100)
Railroad Retirement Board	-	(341,267)	-	-	-	-	-	-	-	(341,267)
Environmental Protection Agency	-	(7,236)	-	-	-	-	-	-	-	(7,236)
U.S. Department of Transportation	-	(66,843)	-	-	-	-	-	-	-	(66,843)
U.S. Department of Homeland Security	-	(22,233)	-	-	-	-	-	-	-	(22,233)
Agency for International Development	-	(10,447)	-	-	-	-	-	-	-	(10,447)
Small Business Administration	-	(2,001,923)	-	-	-	-	-	-	-	(2,001,923)
U.S. Department of Health and Human Services	-	(3,792)	-	-	-	-	-	-	-	(3,792)
National Aeronautics and Space Administration	-	(24,643)	-	-	-	-	-	-	-	(24,643)
Export-Import Bank of the United States	-	(11,099)	-	-	-	-	-	-	-	(11,099)
U.S. Department of Housing and Urban Development	-	(2,093)	-	-	-	-	-	-	-	(2,093)
U.S. Department of Energy	-	(55,431)	-	-	-	-	-	-	-	(55,431)
U.S. Department of Education	-	(67,264)	-	-	-	-	-	-	-	(67,264)
Independent Agencies	-	(618,814)	-	-	-	(902)	-	-	-	(619,716)
Treasury General Fund	-	(173,894)	-	-	-	-	-	-	-	(173,894)
U.S. Department of Defense	-	(516,597)	-	-	-	-	-	-	-	(516,597)
Transferred to the Public	-	(304,330)	-	-	(3,617)	-	-	-	-	(307,947)
(Increase)/Decrease in Amounts Yet to be Transferred	-	(364,312)	-	-	-	-	(332)	-	-	(364,644)
Refunds and Other Payments	-	(118,068)	-	-	-	-	-	-	-	(118,068)
Retained by the Reporting Entity	-	-	-	-	-	-	-	-	-	-
<b>Total Disposition Of Collections</b>	<b>-</b>	<b>(5,260,397)</b>	<b>-</b>	<b>-</b>	<b>(100,885)</b>	<b>(902)</b>	<b>(21,470)</b>	<b>-</b>	<b>-</b>	<b>(5,383,654)</b>
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**Required Supplementary Stewardship Information  
Unaudited**

See Independent Auditors' Report on Financial Statements

**U.S. Department of Justice**  
**Required Supplementary Stewardship Information**  
**Consolidated Stewardship Investments**  
**For the Fiscal Years Ended September 30, 2012, 2011, 2010, 2009 and 2008**

The Bureau of Justice Assistance administers the Correctional Systems and Correctional Alternatives for Tribal Lands (CSCATL) and the Violent Offender Incarceration and Truth-In-Sentencing (VOI/TIS) Incentive grant programs. Both programs provide grants for the purposes of building and expanding correctional facilities and jails to increase secure confinement space for violent offenders and implementing correctional alternatives to reduce reliance on incarceration. VOI/TIS funds are available to any of the 50 United States, the District of Columbia, Puerto Rico, U.S. Virgin Islands, American Samoa, Guam, the Northern Mariana Islands, and recognized Tribal governments; while CSCATL funds are available to tribes within the 50 states. The Tribal Law and Order Act of 2010 (Public Law 111-211) expanded the CSCATL grant program scope to include multi-purpose justice centers. The facilities built or expanded with these funds constitute non-federal physical property. Upon completion, the Bureau of Indian Affairs of the Department of Interior, and/or tribal grantees are responsible for supporting, operating, and maintaining the correctional facilities.

The CSCATL strategy broadly addresses tribal justice systems and lends support to tribes that:

- Are interested in establishing/enhancing (tribal/non-tribal) multi-agency cooperation and collaborations;
- Are committed to conducting community-wide assessment for purpose of developing a comprehensive master plan that encompasses the design, use, capacity, and cost of adult and/or juvenile justice sanctions and services;
- Wish to explore an array of detention and correctional building options, including prototypical or quasi-prototypical concepts/designs for local correctional facilities, multipurpose justice centers, and regional facilities; and
- Are interested in learning about/applying community-based alternatives to help control and prevent jail overcrowding due to growing problems involving alcohol, substance abuse, and methamphetamine.

CSCATL and VOI/TIS funds expended from fiscal years 2008 through September 30, 2012, are as follows:

<b>Dollars in Thousands</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Cooperative Agreement Program Administered by USMS	\$0	\$0	\$0	\$0	\$1,140
Discretionary Grants to Indian Tribes	97,553	52,339	24,768	14,320	5,094
Formula Grants to States	84	-1,139	11,389	41,561	59,011
<b>Total</b>	<b>\$97,637</b>	<b>\$51,200</b>	<b>\$36,157</b>	<b>\$55,881</b>	<b>\$65,245</b>

**Other Accompanying Information**  
**Unaudited**

See Independent Auditors' Report on Financial Statements

**U.S. Department of Justice  
Other Accompanying Information  
Combined Schedule of Spending  
For the Fiscal Year Ended September 30, 2012**

Dollars in Thousands	2012
<b>What Money is Available to Spend?</b>	
Total Resources	\$ 45,287,708
Less: Amount Available but Not Agreed to be Spent	2,948,354
Less: Amount Not Available to be Spent	1,088,078
<b>Total Amounts Available to be Spent</b>	<b>\$ 41,251,276</b>
<b>How was the Money Spent?</b>	
Personnel Compensation and Benefits	
1100 Personnel Compensation	\$ 10,917,316
1200 Personnel Benefits	4,238,615
1300 Former Personnel	14,817
2100 Travel & Transportation of Persons	481,904
2200 Transportation of Things	118,861
Other Program Related Expenses	
2300 Rent, Communications, and Utilities	3,145,662
2400 Printing	29,969
2500 Other Services	14,034,299
2600 Supplies and Materials	1,678,624
3100 Equipment/IT Software	1,158,926
3200 Leasehold Improvements	380,390
4100 Grants	3,661,089
4200 Insurance Claims and Indemnities	259,178
4300 Interest and Dividends	367
Total Spending	40,120,017
Amounts Remaining to be Spent	1,131,259
<b>Total Amounts Available to be Spent</b>	<b>\$ 41,251,276</b>